Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities
(N - Z)

FOR THE YEAR ENDED
31 MARCH 2008

Newfoundland
Labrador

Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities

(N – Z)

For The Year Ended
31 March 2008

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2007-08 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: www.fin.gov.nl.ca/comptrollergeneral/publications.htm.

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NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2008 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
7 July 2008

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 61,852	$ 107,026
Short term investments, at cost	160,000	-
Accounts receivable (Note 2)	42,034	33,062
Prepaid expenses	2,723	1,859
	266,609	141,947
Trust Account asset (Note 3)	6,012	5,261
Capital asset - lease (Notes 4 and 5)	15,235	-
Arts Fund assets (Note 6)	156,647	149,678
	$ 444,503	$ 296,886
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 123,203	$ 65,504
Obligation under capital lease (Note 8)	3,657	-
Deferred revenue (Note 7)	168,287	121,116
	295,147	186,620
Obligation under capital lease (Note 8)	11,578	-
Trust Account liability (Note 3)	6,012	5,261
	312,737	191,881
Equity		
Deficit from operations	(24,881)	(44,673)
Arts Fund (Note 6)	156,647	149,678
	131,766	105,005
	$ 444,503	$ 296,886

See accompanying notes

Signed on behalf of the Council: Carmelita McGrath

Chairperson **Member**

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

	2008		2007
	Actual	**Budget**	Actual
REVENUES			
Province of Newfoundland and Labrador grants	**$ 1,524,411**	**$ 1,651,400**	$ 1,148,063
Projects (Note 9)	**329,040**	**369,222**	263,522
Interest	**6,082**	**6,200**	6,290
	1,859,533	**2,026,822**	1,417,875
EXPENSES			
Grants awarded			
Project	**498,846**	**500,000**	437,400
Sustaining grants	**370,000**	**370,000**	325,000
Professional Artists Travel Fund grants	**34,269**	**30,000**	28,241
Labrador Initiative (Note 10)	**73,011**	**200,000**	6,700
Community Arts	**75,000**	**75,000**	-
	1,051,126	**1,175,000**	797,341
Projects (Note 11)	**384,240**	**427,222**	306,452
Operating expenses (Note 12)	**404,375**	**379,927**	313,350
	1,839,741	**1,982,149**	1,417,143
Excess of revenues over expenses	**19,792**	**44,673**	732
Deficit from operations, beginning of year	**(44,673)**	**(44,673)**	(45,405)
Deficit from operations, end of year	**$ (24,881)**	**$ -**	$ (44,673)

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	$ 19,792	$ 732
Add non-cash items:		
Amortization expense	3,047	-
	22,839	732
Net change in non-cash working capital items	(64,966)	111,592
	(42,127)	112,324
Cash flows from investing activities		
Increase in Trust account asset - CAPE Fund	(751)	(5,261)
Capital asset - lease	(18,282)	-
Increase in Arts Fund	(6,969)	(5,744)
	(26,002)	(11,005)
Cash flows from financing activities		
Obligation under capital lease	18,282	-
Interest earned on Arts Fund	6,969	5,744
Repayment of obligation under capital lease	(3,047)	-
Increase in trust account liability - CAPE Fund	751	5,261
	22,955	11,005
(Decrease) increase in cash	(45,174)	112,324
Cash, beginning of year	107,026	(5,298)
Cash, end of year	$ 61,852	$ 107,026

See accompanying notes

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on an accrual basis.

2. Accounts receivable

	2008	2007
Harmonized Sales Tax	**$ 30,534**	$ 28,562
Other	**11,500**	4,500
	$ 42,034	$ 33,062

3. Trust Account

The Trust Account of $6,012 (2007 - $5,261) represents amounts received by the Council from the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) for the Cultural Assistance Plan for Emergencies (CAPE) Fund which provides funds to local artists in the event of an emergency. The Council administers the trust account on behalf of ACTRA, disbursing funds to local artists who meet the established criteria for emergency assistance.

4. Capital assets

Capital assets, consisting of furniture, fixtures and equipment costing $92,333, have been fully amortized. Minor capital asset purchases are charged to operations in the year of acquisition.

5. Asset under capital lease

During 2007-08, the Council obtained a photocopier under a five year capital lease. The asset is amortized on a straight-line basis over the life of the lease.

	2008	2007
Asset under capital lease	**$ 18,282**	$ -
Less: Amortization	**3,047**	-
	$ 15,235	$ -

6. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the Fund is held in trust in the Fund until it is withdrawn. For the year ended 31 March 2008 interest of $6,969 (2007 - $5,744) was earned through investment of the Fund.

The Fund is comprised of monies received from:

	2008	2007
Province of Newfoundland and Labrador	$ 40,000	$ 40,000
Gifts and bequests as per Section 12(2) of the *Arts Council Act*	10,352	10,352
	50,352	50,352
Interest, beginning of year	99,326	93,582
Interest earned	6,969	5,744
Interest, end of year	106,295	99,326
Fund balance	$ 156,647	$ 149,678

At 31 March 2008, the Fund consists of investments of $156,647. At 31 March 2007, the Fund consisted of investments of $149,678.

7. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	2008	2007
Labrador Initiative	$ 126,989	$ -
Private Sector Support Project	34,050	50,000
Visiting Artists' Program	7,248	6,116
School Touring Program	-	65,000
	$ 168,287	$ 121,116

8. Obligation under capital lease

	2008	2007
Obligation under capital lease	$ 15,235	$ -
Less: current portion	3,657	-
	$ 11,578	$ -

Future minimum lease payments under capital lease are:

2009	$ 4,140
2010	4,140
2011	4,140
2012	4,140
2013	690
	17,250
Less: interest portion of payments	2,015
	$ 15,235

9. Revenues - Projects

	2008 Actual	2008 Budget	2007 Actual
School Touring Program	**$ 134,000**	**$ 134,000**	$ -
Arts Smarts	**120,457**	**120,457**	119,550
Visiting Artists' Program	**33,868**	**40,000**	63,884
Private Sector Support Project	**15,950**	**50,000**	-
Winterset Award	**13,000**	**13,000**	12,000
Arts awards	**7,500**	**7,500**	9,500
HRDC – Summer Career Placement Program	**3,265**	**3,265**	2,088
Rhonda Payne Award	**500**	**500**	500
Larry Jackson Award	**500**	**500**	1,000
25th Anniversary	-	-	55,000
	$ 329,040	**$ 369,222**	$ 263,522

10. Labrador Initiative

The Council expanded the Labrador Initiative Fund, opening a Labrador regional office in October 2007 and increased the program budget to $200,000 annually. Expenditures of the fund include support for one staff member and related office expenses, in addition to Labrador specific Arts Grants.

11. Expenses - Projects

	2008		2007
	Actual	**Budget**	Actual
School Touring Program	**$ 134,000**	**$ 134,000**	$ -
Arts Smarts	**120,457**	**120,457**	119,550
Arts awards	**62,200**	**65,000**	42,562
Visiting Artists' Program	**33,868**	**40,000**	63,884
Private Sector Support Project	**15,950**	**50,000**	-
Winterset Award	**13,000**	**13,000**	12,000
HRDC – Summer Career Placement Program	**3,265**	**3,265**	2,088
Rhonda Payne Award	**500**	**500**	500
Larry Jackson Award	**500**	**500**	1,000
Youth Ventures Award	**500**	**500**	-
Consultation/Strategic Plan	-	-	3,529
25th Anniversary	-	-	61,339
	$ 384,240	**$ 427,222**	$ 306,452

12. Operating expenses

	2008		2007
	Actual	**Budget**	Actual
Salaries and employee benefits	**$ 303,972**	**$ 279,200**	$ 239,344
Travel and Council meetings	**41,248**	**41,000**	26,480
Office and postage	**17,280**	**23,900**	16,160
Miscellaneous	**15,014**	**15,727**	9,175
Project evaluating fees	**11,760**	**12,000**	9,864
Telephone	**5,387**	**5,500**	5,208
Advertising	**4,067**	-	4,519
Amortization expense	**3,047**	-	-
Professional services	**2,600**	**2,600**	2,600
	$ 404,375	**$ 379,927**	$ 313,350

13. Related party transactions

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

14. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2008 was $16,769 (2007 - $14,491).

15. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

16. Financial instruments

The Council's financial instruments recognized on the balance sheet consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, and obligation under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

17. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Grant Thornton

Financial Statements

Newfoundland and Labrador Centre for Health Information

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
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A1B 3P9

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To the Directors of the

Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the Newfoundland and Labrador Centre for Health Information at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Centre for Health Information as at March 31, 2008 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 14, 2008

Chartered Accountants

Newfoundland and Labrador Centre for Health Information

Statements of Operations and Changes in Net Assets

Year Ended March 31	2008	2007
Revenue		
Government operating grants	$ 3,113,694	$ 3,071,151
Canada Health Infoway	3,607,828	5,560,610
Research funding	589,896	416,104
Government project grants	1,961,252	2,574,978
Amortization of deferred capital contributions	111,442	434,779
Interest income	197,110	270,000
Other	-	20,400
	9,581,222	12,348,022
Expenditure		
Advertising	3,690	4,042
Consulting fees	1,051,385	2,898,275
Data communications	363,155	138,795
Depreciation	211,715	486,723
Human Resources initiatives	10,058	12,500
Insurance	20,235	-
Miscellaneous	6,160	4,368
Office supplies	149,964	130,995
Picture Archiving and Communication System Regional Integrated Health Authority reimbursements	3,488,315	4,621,505
Primary health care equipment	-	444,702
Pharmacy network change management	194,759	-
Professional fees	104,254	59,395
Rent	286,051	188,891
Salaries and benefits	2,963,559	2,619,076
Software maintenance	291,253	237,081
Telephone	79,955	89,467
Training	58,423	84,298
Travel	175,574	188,217
	9,458,505	12,208,330
Excess of revenue over expenditure	$ 122,717	$ 139,692

Net assets, beginning of year	$ 799,826	$ 660,134
Excess of revenue over expenditure	122,717	139,692
Net assets, end of year	$ 922,543	$ 799,826

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Statement of Financial Position

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 2,178,397	
Receivables (Note 3)	6,396,883	$ 10,886,872
Prepaids	43,998	-
Deferred project costs	4,557,401	4,719,475
	13,176,679	15,606,347
Equipment (Note 4)	8,619,647	5,562,153
	$ 21,796,326	$ 21,168,500
Liabilities		
Current		
Payables and accruals (Note 5)	$ 3,255,106	$ 7,199,246
Deferred capital contributions (Note 6)	624,790	435,167
Deferred revenue	9,524,440	7,333,325
	13,404,336	14,967,738
Deferred capital contributions (Note 6)	7,048,536	5,016,490
Accrued severance pay	420,911	384,446
	20,873,783	20,368,674
Net Assets		
Net assets	922,543	799,826
	$ 21,796,326	$ 21,168,500

Commitment (Note 8)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Statement of Cash Flows

Year Ended March 31	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditure	$ 122,717	$ 139,692
Items not requiring a cash outlay		
Depreciation	211,715	486,723
Amortization of deferred capital contributions	(111,442)	(434,779)
Increase in severance pay accrual	36,465	138,833
	259,455	330,469
Change in non-cash operating working capital (Note 7)	2,855,040	(251,691)
	3,114,495	78,778
Financing		
Capital contributions	2,333,111	5,372,491
Investing		
Purchase of capital assets	(3,269,209)	(5,451,269)
Increase in cash and cash equivalents	2,178,397	-
Cash and cash equivalents		
Beginning of year	-	-
End of year	$ 2,178,397	$ -

See accompanying notes to the financial statements.

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established by the Government of Newfoundland and Labrador in 1996 following the recommendation of the Health System Information Task Force (1995). Through the support of the provincial government and Canada Health Infoway, Inc., the Centre has been recognized for its contribution to the national agenda for development of the Electronic Health Record with the first provincial client registry designed and implemented for the Electronic Health Record. The Centre is also involved with data standards development and dissemination, applied health research and the evaluation of health information systems.

The Newfoundland and Labrador Centre for Health Information Act was proclaimed on April 27, 2007, thereby establishing the Centre as a Corporation without share capital under the Corporations Act. The Centre now acts as an agent of the Crown.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

2. **Summary of significant accounting policies** (cont'd.)

Revenue recognition

Government grants are recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue. Revenue from research and other contracts is recognized as the related expenditures are incurred.

Administrative expenditures

The Centre is administered by contractual employees, salaried employees and employees seconded from and paid by the provincial Department of Health and Community Services. Administrative expenditures related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Depreciation

Rates and basis of depreciation applied to write off the cost of equipment over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Pharmacy Network	33%, straight line
Unique Personal Identifier	33%, straight line

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight line basis using the same rates as the depreciation expense related to the capital assets purchased.

2. Summary of significant accounting policies (cont'd.)

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees and employees seconded from the provincial Department of Health and Community Services. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

Employees of the Centre are covered by the Public Service Pension Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Centre. The annual contributions for pensions are recognized in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Centre's year ended March 31, 2008.

(ii) Financial instruments - Recognition and Measurement

On April 1, 2007, the Centre implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior years. There are no transitional adjustments resulting from these standards to be recognized in the opening balance of net assets.

Section 3855, "Financial Instruments - Recognition and Measurement", requires the Organization to revalue all of its financial assets and liabilities at fair value on the initial date of implementation.

This standard also requires the Centre to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity –

2. **Summary of significant accounting policies** (cont'd.)

recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Centre's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, deferred project costs, equipment, deferred capital contributions and deferred revenue are not within the scope of the new accounting standards as they are not financial instruments.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the new standard, management reviewed contracts entered into or modified subsequent to April 1, 2007 and determined that the Centre does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Centre would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

2. Summary of significant accounting policies (cont'd.)

(iii) Financial instruments - Disclosure and Presentation

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces CICA Section 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Future changes in accounting policies

(i) Financial Instruments – Disclosure – Presentation

CICA Section 3862 "Financial Instruments – Disclosure" and section 3863 "Financial Instruments - Presentation" replaces CICA Section 3861, "Financial Instruments – Disclosure and Presentation". CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Centre does not expect the adoption of this standard to have a significant impact on its financial disclosure and results of operations.

3. Receivables

	2008	2007
Government of Newfoundland and Labrador	**$ 1,328,434**	$ 564,021
Eastern Health	**4,253,175**	5,014,735
Health Infostructure Atlantic	**-**	215,403
H.S.T receivable	**594,785**	-
Canada Health Infoway	**-**	4,955,117
Other	**220,489**	137,596
	$ 6,396,883	$ 10,886,872

4. Equipment

			2008	2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	$ 1,864,430	$ 874,731	$ 989,699	$ 121,932
Office furniture	157,252	90,094	67,158	36,784
Computer software	9,024,924	1,462,134	7,562,790	5,403,437
Pharmacy network	787,757	787,757	-	-
Unique Personal Identifier	3,401,478	3,401,478	-	-
	$ 15,235,841	$ 6,616,194	$ 8,619,647	$ 5,562,153

During the year, the Centre purchased $3,269,209 of capital assets, however, as of March 31, 2008 no capital funding has been received for $2,691,780 of these assets. The Centre is in the process of preparing claims to be submitted to Canada Health Infoway with regards to these assets and no amounts have been recorded as accounts receivable as of March 31, 2008

5. Payables and accruals

	2008	2007
Trade and sundry	$ 2,933,017	$ 6,969,981
Vacation and compensatory pay	322,089	229,265
	$ 3,255,106	$ 7,199,246

6. Deferred capital contributions

	2008	2007
Opening balance	$ 5,451,657	$ 513,945
Capital contributions from Government	863,861	1,343,123
Capital contribution from Infoway	1,469,250	4,029,368
Amortization of deferred contribution	(111,442)	(434,779)
	7,673,326	5,451,657
Less: current portion	624,790	435,167
	$ 7,048,536	$ 5,016,490

7. Supplemental cash flow information

Change in non-cash operating working capital	2008	2007
Receivables	**$ 4,489,989**	$ (3,763,480)
Prepaids	**(43,999)**	-
Deferred project costs	**162,075**	(4,719,475)
Payables and accruals	**(3,944,140)**	6,945,496
Deferred revenue	**2,191,115**	1,285,768
	$ 2,855,040	(251,691)

8. Commitment

The Centre is committed under a five year operating lease agreement for the rental of office space to make annual payments of $261,351. This lease agreement will terminate on March 31, 2012.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2008 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
26 June 2008

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
BALANCE SHEET
31 March

	2008	2007
ASSETS		
Current		
Cash	$ 44,565	$ 152,248
Accounts receivable (Note 2)	5,839	2,312
	$ 50,404	$ 154,560
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 3)	$ 8,103	$ 2,782
Equity		
Contributions – Province of Newfoundland and Labrador	280,000	280,000
Deficit	(237,699)	(128,222)
	42,301	151,778
	$ 50,404	$ 154,560

See accompanying notes

Signed on behalf of the Board: C. MacDonald **Chair** **Member**

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2008	2007
REVENUES		
Government of Canada (Note 4)	**$ 160,555**	$ 172,727
Province of Newfoundland and Labrador (Note 4)	**107,036**	115,151
Premiums from insured persons	**47,840**	49,782
Appeal administration fee	**100**	300
	315,531	337,960
EXPENSES		
Administration (Note 5)		
Bank charges	**36**	40
Board expenses	**1,330**	1,992
Computer hardware/software	**1,595**	-
Equipment supplies	**5,892**	150
Professional services	**2,637**	1,250
Purchased services	**11,192**	2,879
Salaries and employee benefits	**141,495**	176,555
Supplies	**14,862**	11,356
Transportation and communications	**21,880**	20,810
	200,919	215,032
Refund appeal fees	**300**	-
Bad debt expense	**-**	1,746
Indemnity claims	**223,789**	114,099
	425,008	330,877
Excess of revenues over expenses (expenses over revenues)	**(109,477)**	7,083
Deficit, beginning of year	**(128,222)**	(135,305)
Deficit, end of year	**$ (237,699)**	$ (128,222)

See accompanying notes

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund which provides insurance to farmers of the Province through restricting the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency's management in accordance with Canadian generally accepted accounting principles. The Agency does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	2008	2007
Province of Newfoundland and Labrador	$ 1,236	$ 1,100
Premiums from insured persons	9,404	6,013
	10,640	7,113
Less: allowance for doubtful accounts	4,801	4,801
	$ 5,839	$ 2,312

3. Accounts payable and accrued liabilities

	2008	2007
Province of Newfoundland and Labrador	$ 8,103	$ 2,782

4. Premium contributions and administration expenses

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of the total government contribution for premiums and eligible administration expenses.

	2008	2007
Government of Canada		
Premiums contributions	**$ 40,003**	$ 43,708
Payments for administration	**120,552**	129,019
	$ 160,555	$ 172,727
Province of Newfoundland and Labrador		
Premiums contributions	**$ 26,669**	$ 29,138
Payments for administration	**80,367**	86,013
	$ 107,036	$ 115,151

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Natural Resources. Excluding bank charges, salaries and other costs of $200,883 (2007 - $214,992) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada.

6. Economic dependence

As a result of the Agency's reliance on Provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Newfoundland and Labrador Film Development Corporation

Financial Statements

March 31, 2008

Pinsent & Associates

Certified General Accountants
P.O. Box 8411, Station A
St. John's, NL A1B 3N7

Tel: (709) 738-5300
Fax: (709) 738-5301
email: info@pinsent.ca

Auditors' Report

To the Board
Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of Newfoundland and Labrador Film Development Corporation as at March 31, 2008 and the statement of operations, surplus, cash flow and schedule of receipts and commitments - Equity Investment Program for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Pinsent & Associates

Pinsent & Associates
Certified General Accountants

St. John's, NL
June 9, 2008

Newfoundland and Labrador Film Development Corporation

Balance Sheet

As At March 31, 2008

	Note	2008	2007
Assets			
Current Assets			
Cash		$ 745,593	$ 985,685
Accounts receivable		14,500	17,480
Prepaid		5,676	8,342
Total Current Assets		765,769	1,011,507
Property, plant and equipment	2.	11,050	18,207
Deferred interest		-	139
Total Assets		$ 776,819	$ 1,029,853
Liabilities and Shareholders' Equity			
Current Liabilities			
Payables and accruals		$ 29,138	$ 11,508
Equity investment program payables		402,878	817,975
Holdbacks payable - Equity investment program		199,059	72,648
Deferred income/revenue		-	39,145
Current portion of long term lease		2,160	2,160
Total Current Liabilities		633,235	943,436
Capital leases	3.	432	2,592
Total Liabilities		633,667	946,028
Equity			
Share capital	4.	3	3
Surplus - end of year		143,149	83,822
Total Equity		143,152	83,825
Total Liabilities & Equity		$ 776,819	$ 1,029,853

Approved on Behalf of the Board;

Newfoundland and Labrador Film Development Corporation

Statement of Operations

For the Year Ended March 31, 2008

	Note	2008	2007
Revenue			
New Media Study Grant - Department of Tourism, Culture & Recreation		$ 25,000	$ -
Government of Newfoundland and Labrador - Department of Tourism, Culture & Recreation		550,000	550,000
Economic Impact Study Grant - Department. of Tourism, Culture & Recreation		39,145	10,855
Interest income		3,243	-
Total revenue		617,388	560,855
Operating expenses			
Advertising and promotion		26,495	15,828
Promotional materials and publications		8,175	4,988
Amortization of tangible assets		7,158	6,623
Office administration		71,859	59,861
Professional development		17,656	10,384
Professional fees	5.	65,235	58,812
Salaries and wages		283,199	259,443
Municipal taxes and other fees		2,064	1,032
Miscellaneous expense		2,468	849
Conferences and travel		60,974	60,155
Sponsorships		60,240	55,103
Printed materials		2,583	7,505
Total operating expenses		608,106	540,583
Income from operations		9,282	20,272
Non operating income and expenses			
Gains (losses) on disposal		-	(2,614)
Excess of revenue over expenditure (expenditure over revenue)		$ 9,282	$ 17,658

Newfoundland and Labrador Film Development Corporation

Statement of Surplus

For the Year Ended March 31, 2008

	Note		2008		2007
Surplus - beginning of year		$	**83,822**	$	28,265
Excess of receipts over expenditure (expenditure over receipts)			**9,282**		17,658
Excess of receipts over commitments - Equity Investment Program (EIP) - Schedule of Receipts and Commitments	12.		**50,045**		37,899
Surplus - end of year		$	**143,149**	$	83,822

Composition of Surplus (Deficit):

Operations Account	$	346	$	(8,937)
Equity Investment Account		142,803		92,759
Surplus - end of year	$	143,149	$	83,822

Newfoundland and Labrador Film Development Corporation

Statement of Cash Flow

For the Year Ended March 31, 2008

	Note	2008	2007
Cash flow from operating activities			
Net income (loss) for the period		$ 9,282	$ 17,658
Excess of receipts over commitments (commitments over receipts)		50,045	37,899
Amortization		7,158	6,623
Gain (Loss) on sale of capital assets		-	2,614
		66,485	64,794
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable		2,980	(1,445)
Accounts payable and accrued liabilities		(271,057)	473,497
Decrease (increase) in prepaid expense		2,666	(1,709)
Increase (decrease) in deferred revenue		(39,145)	39,145
Total cash flow from operating activities		(238,071)	574,282
Cash flows from/used in investing activities			
Property, plant and equipment additions		-	(17,251)
Deferred charges		139	(139)
Total cash flows from/used in investing activities		139	(17,390)
Cash flows from/used in financing activities			
Capital lease		(2,160)	4,752
Total cash flows from/used in financing activities		(2,160)	4,752
Net increase in cash and cash equivalents		(240,092)	561,644
Net cash and cash equivalents, beginning of period		985,685	424,041
Net cash and cash equivalents, end of period		$ 745,593	$ 985,685

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2008

1. Accounting Policies

Basis of preparation

The accounting policies of the Corporation are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year except those policies relating to program grants, loans and equity investments. Outlined below are those policies considered particularly significant.

Nature of operations

The Corporation is incorporated under the laws of the Province of Newfoundland and Labrador. Its primary purpose is to promote the development of, and to stimulate employment and investment in, the Provincial film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland and Labrador Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Fair values

The company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Amortization

Property, plant and equipment is carried at cost. Amortization is provided annually at rates indicated, calculated to write off the assets over their useful lives, except in the year of acquisition when one-half of the rate is used.

Change in accounting policy

During fiscal 2007 the Corporation changed its policy regarding the treatment of Equity Investment in Films and Project Development Loans. Equity Investment in Films and Project Development Loans which were previously recorded as revenue and expense in the years received are now recorded as assets and appropriate allowances taken, as indicated in Notes 7 and 8.

2. Property, Plant and Equipment

Property, plant and equipment consists of the following:

		Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Computer equipment	45%	$ 40,901	$ (33,164)	$ 7,737	$ 14,066
Furniture & fixtures	20%	17,445	(14,132)	3,313	4,141
Total		$ 58,346	$ (47,296)	$ 11,050	$ 18,207

3. Long Term Leases

The company has the following obligation under capital lease:

	2008	2007
CIT Financial Services		
Lease repayable in 36 equal monthly installment of $188.	$ 2,592	$ 4,752
Current portion	(2,160)	(2,160)
Long-term portion	$ 432	$ 2,592

Obligations under capital leases are as follows:

2009	$ 2,160
2010	432
Total	$ 2,592

4. Shareholders' Equity

Authorized:

600 common shares of no par value

Issued and outstanding shares:

600 common shares

	2008	2007
Common shares	$ 3	$ 3

5. Professional Fees

Professional fees consists of the following:

	2008	2007
Accounting and audit	$ 11,271	$ 8,500
Economic impact study	32,566	10,926
Preparation of production guide	-	35,665
Preparation of annual returns	-	2,021
Other fees	-	1,700
New media study	21,398	-
Total	$ 65,235	$ 58,812

6. Equity Investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefits to Newfoundlanders and Labradorians. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as recoupment as received.

Based on the Corporation's low recoupment rate an allowance has been set up to write-off the cumulative equity investment net of recoupment.

	2008	2007
Equity investment	$ 10,703,854	$ 9,010,360
Allowance against equity investment	(10,653,270)	(8,960,972)
Recoupment - Equity investment	(50,584)	(49,388)
Total	$ -	$ -

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party.

An allowance has been set up to write-off the cumulative amount of these development loans.

	2008	2007
Development loans	$ 2,019,700	$ 1,720,796
Allowance against development loans	(2,019,700)	(1,720,796)
Total	$ -	$ -

8. Commitments

The Corporation entered into a three-year rental agreement with Imperial House Inc. commencing June 1, 2006.

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will on occasion result in program disbursements in subsequent fiscal periods, pending availability of funds.

As at March 31, 2008, the Corporation was contractually committed to advance funds totaling $792,811 from the Equity Investment Program as investments and loans in respect of current and future projects subject to the availability of funds and terms and conditions outlined in the funding agreements.

	2008/2009
The Giggle Factory Inc. - "Snowboarding school"	**17,399**
From Here Productions - "Weigh In"	**11,400**
Kickham East Productions - "The House of the Wooden Santas"	**14,926**
Morag Loves Company - "Love and Savagery"	**400,000**
Rink Rat Production Inc. - Maudie (PHASE II)	**11,824**
Henge Productions Ltd. - Where's My Goat?	**12,262**
Futuristic Films Ltd. - "Screamers 2"	**250,000**
Morage Loves Company - "Love & Savagery"	**75,000**
	$ 792,811

9. Economic Dependence

The Corporation is economically dependant on the Provincial government for annual funding.

10. Financial Instruments

The Corporation's financial instruments consist of receivables, accounts payable, equity investment payable, holdback payable, and commitments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

11. Comparative Figures

Prior year figures have been reclassified where applicable to conform with the current year presentation.

Newfoundland and Labrador Film Development Corporation

12. Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

		Note	2008	2007
Receipts:				
Government Funding	Equity Investment Program		1,999,025	1,999,663
Recoupment	Equity Investment Program		1,196	326
Interest earned	Equity Investment Program		42,222	
Funding which has lapsed:				
Augusta Productions	Duckworth			11,440
Augusta Productions	Girl on the Road			9,000
Edge of the Earth Productions	Birds Eye View			4,109
Edge of the Earth Productions	Berry Pickers			4,115
Fire Crown Productions Inc.	Tricksters			20,750
Kickham East Productions Inc.	Salt Fish and Molasses			6,750
Rink Rat Productions	The Sergeant's Son (Phase II)			22,748
Rink Rat Productions	Maudie			32,248
Morag Loves Company Limited	Death By Lottery		6,170	
The Giggle Factory Inc.	George street TV - Season 5		22,600	
Legends Productions , Inc.	Legends & Lore (Season II)		94,008	
Dark Flowers Productions, Inc.	Atlantic Blue		465,000	
			2,630,221	2,111,149
Current year commitments:				
2M Innovations	Hatching Matching & Dispatching			150,000
2M Innovations	Hatching Matching & Dispatching - 7-9			27,135
Above and Beyond Inc.	Above and Beyond			200,000
Augusta Productions	Girl on a Road Additional		11,964	
Augusta Productions Inc.	Girl on the Road			45,917
Away Films Inc.	10 days		13,200	
Away Films Inc.	Blood Stains		18,150	
Best Boy Productions Inc.	The Skinny Dip		50,855	
Best Boy Productions Inc.	The Skinny Dip		50,855	
Best Boy Productions Inc.	What Do They Do In There?		130,737	
Best Boy Productions Inc.	The Innu and Big Land		3,864	
Best Boy Productions Inc.	The Flummies			10,000
Best Boy Productions Inc.	Speaking Volumes			10,000
Best Boy Productions Inc.	A Little Problem with Murder			9,634
Dancing Trout Productions Inc.	Feel the Earth Move			52,056
Dark Flowers Productions Inc.	Atlantic Blue			465,000
Edge of the Earth Productions Inc.	Torn from the Sea			8,000

Newfoundland and Labrador Film Development Corporation

12. Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

		Note	2008	2007
Current year commitments continued...				
Fire Crown Productions Inc.	Poets Blazing the Land		6,600	
Fire Crown Productions Inc.	Sights Before Christmas		6,270	
Fire Crown Productions Inc.	Tricksters			4,750
From Here Productions Inc.	The House I Grew Up In		7,100	
Futuristic Films Ltd.	Screamers 2		335,000	
Hey Day Productions Inc.	Hey Day			100,000
Kickham East Productions Inc.	Gros Morne		7,830	
Kickham East Productions Inc.	Two Girlfriends			7,900
Kickham East Productions Inc.	Friendship (Phase II) 2 girlfriends		11,550	
Killick Productions Inc.	From Botwood to Foynes			8,301
Legends Productions Inc.	Legends and Lore			50,000
Media Connections Inc.	The Real Matriarch			7,125
Media Connections Inc.	People Who Stay		7,425	
Morag loves Moebius Corp	Moebius Redux		7,500	
Morag Loves Company Limited	Love and Savagery		525,000	
Morag Loves Company Limited	Terminal Machines		83,004	
Morag Loves Company Lmiited	Surfing in Newfoundland		8,522	
Morag Loves Company Limited	An Iceberg's Journey			6,062
Morag Loves Company Limited	Surfing in Newfoundland (Phase II)			8,914
Morag Loves Company Limited	Alligator			10,599
Morag Loves Company Limited	The March Hare			6,945
Morag Loves Company Limited	Death By Lottery			6,170
Morag Loves Company Ltd.	Rickey Newman		14,250	
Morag Loves March Hare	The March Hare			20,539
Morag Loves Moebius Corporation	Jean Giraud - A Life in Pictures			13,300
More Life Films Inc.	Rorschach City		15,936	
Muinjij Productions Inc.	Mix Bloods			16,599
Muinjij Productions Inc.	Romancing the Labrador			25,000
Muinjij Productions Inc.	Scat Stories			12,780
Newfound Films Inc.	Down to the dirt		72,390	77,791
Newfound Films Inc.	Bookshorts			15,300

Newfoundland and Labrador Film Development Corporation

12. Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

		Note	2008	2007
Current year commitments continued...				
Newfound Films Inc.	Growing Pains			16,493
Newfound Films Inc.	Heartless Disappearance into Labrador			11,319
Newfound Films Inc.	St. John's West (Phase II)			6,800
Opportunity Knox Inc.	Grown Up Movie Star (Phase II)		9,700	
Pangur Ban Productions Inc.	Africa: Cradle and Grave		6,000	
Pearl Productions Inc.	Perfect Day		5,000	
Pearl Productions Inc.	The Magnificent Mollie McBride		16,211	
Pierre Films Ltd.	Doyle Inc.		14,000	
Pilots Three Inc.	3 Pilots			77,043
Plain Sight Pictures	Wish			7,013
Plain Sight Pictures	Wingman			11,760
Pope Productions Inc.	Why Angels Sing			9,800
Pope Productions Inc.	Lighthouse			11,885
Pope Productions Inc.	Diverted		250,000	250,000
Pope Productions Inc.	Monkshood			11,647
Pope Productions Inc.	Access to Health			8,100
Pope Productions Inc.	Her Majesties' Pen			4,640
Pope Productions Ltd.	Newfoundland Beatdown		8,962	
Pope Productions Ltd.	Daggers point		11,885	
Pope Productions Ltd.	Sea Jacked		11,885	
Pope Productions Ltd.	Gossip - add'l		100,000	
Pope Productions Ltd.	The Wall		50,000	
Pope Productions Ltd.	Gossip		300,000	
Pope Productions Ltd.	Kicker (Phase II)		12,079	
Wall Productions Inc.	The Wall		300,000	
Rain Productions Inc.	Finding Balance			15,000
Rink Rat Productions Inc.	Motion Show		7,582	
Rink Rat Productions Inc.	Euro League			26,460
Rink Rat Productions Inc.	Christopher House: Ahead of the Curve			20,000
Rink Rat Productions Inc.	The Big Bang			12,623
Rink Rat Productions Inc.	Feast of Cohen			8,308
Rink Rat Productions Inc.	Maudie			5,512
Rock Island Productions	An Audience of Chairs Phase II		20,423	
Rock Island Productions	An Audience of Chairs		9,230	
Sky Bridge Productions	Ferry Command			18,596

Newfoundland and Labrador Film Development Corporation

12. Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

		Note	2008	2007
Current year commitments continued...				
Small Pond Productions	Rabbittown			50,000
Springwater Productions Inc.	Breaking Ground - Season 2		28,797	
Streely Maid Films Ltd.	A Fine Catch		24,420	
Streely Maid Films Ltd.	The Songwriter - Diamonds in a Bucket		6,000	20,400
The Giggle Factory Inc.	George Street TV - Season III			50,000
The Giggle Factory Inc.	George Street TV - Season IV			21,344
The Giggle Factory Inc.	George Street TV - Season V			22,600
			2,580,176	2,073,160
Excess of receipts over commitments (commitments over receipts)			50,045	37,989
Opening Balance			**92,758**	54,769
Closing Balance - Uncommitted funds			**142,803**	92,758

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 July 2008

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

BALANCE SHEET

31 March	2008 (000's)	2007 (000's)
ASSETS		
Cash	$ 21,622	$ -
Accounts receivable (Note 2)	2,562	2,631
Due from Canada Mortgage and Housing Corporation (CMHC)	-	3,274
Due from the Province of Newfoundland and Labrador - Labrador Housing Programs (Note 3)	4,221	5,041
Inventory and prepaid expenses (Note 4)	3,468	3,406
Mortgages and loans receivable (Note 5)	16,943	21,237
Receivable from municipalities re: land transfers (Note 6)	1,635	1,967
Repossessed units (Note 7)	1	20
Land assemblies (Note 8)	9,331	8,745
Rental properties (Note 9)	201,792	209,784
Capital assets (Note 10)	8,026	7,191
	$ 269,601	$ 263,296
LIABILITIES AND EQUITY		
Bank indebtedness	$ -	$ 3,548
Accounts payable and accrued liabilities	10,444	11,794
Due to CMHC	5,774	-
Deferred revenue (Note 11)	8,621	921
Group health and life insurance retirement benefits (Note 12)	11,972	11,040
Capital replacement fund (Note 13)	7,195	7,386
Mortgage insurance fund (Note 14)	3,252	3,252
Mortgages, debentures and similar indebtedness (Note 15)	25,445	29,563
CMHC investment in cost-shared programs (Note 16)	125,299	133,916
	198,002	201,420
Equity		
Contributed capital - Province of Newfoundland and Labrador (Note 17)	62,861	62,861
Surplus (Deficit)	8,738	(985)
	71,599	61,876
	$ 269,601	$ 263,296

Contingent liabilities (Note 18)

Commitments (Note 19)

See accompanying notes

Signed on behalf of the Board: Len Simms Rhonda Neary

Chairperson **Member**

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
REVENUES		
CMHC (Note 21)	$ 59,089	$ 60,274
Province of Newfoundland and Labrador operating grant	28,460	15,111
Rent	18,343	18,727
Interest	6,325	6,821
Land assemblies sales	1,194	75
Profit from land sales by municipalities	843	376
Other income	627	824
Gain on sale of rental properties	94	-
Gains on mortgages, loans and repossessions	7	384
	114,982	102,592
EXPENSES		
Administrative expenses (Note 22)	18,314	15,521
CMHC share of interest revenue	585	699
Community based housing operating subsidies	9,807	9,859
Grants to homeowners	11,921	10,174
Interest expense	2,289	3,091
Land assemblies costs (Note 8)	30	141
Loss on sale of rental properties	-	71
Mortgage subsidies	1,204	1,480
Rental properties expenses (Note 23)	57,086	53,453
Rental properties written off	84	1,026
Rent supplement subsidies	3,939	3,660
	105,259	99,175
Excess of revenues over expenses	9,723	3,417
Deficit, beginning of year	(985)	(4,402)
Surplus (Deficit), end of year	$ 8,738	$ (985)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2008	2007
	(000's)	(000's)
Cash flows from operating activities:		
Excess of revenues over expenses	$ 9,723	$ 3,417
Add (deduct) non-cash items:		
Mortgage subsidies	1,204	1,480
Gains on mortgages, loans and repossessions	(7)	(384)
Amortization of rental properties (Note 23)	6,832	6,866
Amortization of community based housing	755	689
Amortization of Labrador Housing Programs	823	775
Write-off of rental properties	84	1,026
Loss (gain) on sale of rental properties	(94)	71
Amortization of capital assets	820	501
CMHC portion of non-cash items	552	769
Group health and life insurance retirement benefits (Note 12)	932	882
	21,624	16,092
Net change in other operating items	(1,343)	1,682
	20,281	17,774
Cash flows from investing activities:		
Decrease in receivable from municipalities re: land transfers	332	417
Increase in land assemblies	(586)	(1,061)
Advances of mortgages and loans	(1,709)	(1,473)
Principal recoveries of mortgages and loans	4,825	5,321
Proceeds from sale of rental properties	519	387
Investment in capital assets	(1,655)	(1,937)
Investment in rental properties	(104)	-
Labrador Housing Programs	(3)	(11)
	1,619	1,643
Cash flows from financing activities:		
Increase (decrease) in due to CMHC	9,048	(3,579)
Increase (decrease) in deferred revenue	7,700	(39)
Decrease in capital replacement fund	(191)	(327)
Repayments of mortgages, debentures, and similar indebtedness	(4,118)	(6,985)
Repayments of CMHC investment in cost-shared programs	(9,169)	(9,925)
	3,270	(20,855)
Increase (decrease) in cash	25,170	(1,438)
Cash, beginning of year	(3,548)	(2,110)
Cash, end of year	$ 21,622	$ (3,548)

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Repossessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs, interest and other related carrying charges.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from Government departments, costs have been recorded at $1. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

1. Significant accounting policies (cont.)

(d) Rental properties (cont.)

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware and software	Straight line, 4 years
Vehicles	Straight line, 5 years

(f) Capital contributions

Capital contributions are recorded as deferred revenue until the capital construction is complete. Once the capital construction is complete the capital contributions are recorded as a revenue.

(g) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity.

(h) Revenue recognition

Interest income is accounted for on the accrual basis for all mortgages and loans other than the impaired portion of mortgages and loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

1. Significant accounting policies (cont.)

(h) Revenue recognition (cont.)

Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the year.

2. Accounts receivable

	2008 **(000's)**	2007 (000's)
HST	**$ 1,005**	$ 1,034
Land assemblies	**914**	893
Rents	**167**	159
Miscellaneous	**595**	648
	2,681	2,734
Less: allowance for doubtful accounts	**119**	103
	$ 2,562	$ 2,631

3. Due from the Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Mary's Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period. As at 31 March 2008 the amount due from the Province was $4,221,000 (2007 - $5,041,000).

These projects are being amortized at $1,050,000 annually.

4. Inventory and prepaid expenses

	2008 **(000's)**	2007 (000's)
Inventory	**$ 411**	$ 521
Prepaid expenses	**3,057**	2,885
	$ 3,468	$ 3,406

5. Mortgages and loans receivable

	2008 (000's)	2007 (000's)
Subsidized mortgages to homeowners	$ 5,244	$ 7,515
Residential Rehabilitation Assistance Program loans	5,429	7,049
Provincial Home Repair Program	6,533	7,050
Other mortgages and loans	1,743	1,931
	18,949	23,545
Less: allowance for impaired accounts	2,006	2,308
	$ 16,943	$ 21,237

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

6. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2008, twenty-one agreements have been completed for the transfer of lands to municipalities at a carrying value of $1,635,000 (2007 - $1,967,000).

7. Repossessed units

	2008 (000's)	2007 (000's)
Repossessed units	$ 1	$ 59
Less: allowance for impairment	-	39
	$ 1	$ 20

8. Land assemblies

	2008 (000's)	2007 (000's)
Land assemblies, beginning of year	$ 8,745	$ 7,684
Cost incurred during the year:		
Land acquisition and development	328	968
Interest, capitalized	288	234
	9,361	8,886
Less: cost of earned sales recognized during year	30	141
Land assemblies, end of year	$ 9,331	$ 8,745

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

9. Rental properties

	2008			2007
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Non-profit housing				
- Capital cost	$ 255,291	$ 60,179	$ 195,112	$ 202,756
- Renovation costs	4,981	2,380	2,601	2,967
Market housing				
- Capital cost	6,560	2,710	3,850	3,928
Affordable Housing Trust				
- Construction costs	103	-	103	-
Leased land	126	-	126	133
	$ 267,061	$ 65,269	$ 201,792	$ 209,784

10. Capital assets

	2008			2007
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	(000's)	**(000's)**	**(000's)**	(000's)
Land	**$ 90**	**$ -**	**$ 90**	$ -
Office buildings - capital cost	**7,732**	**2,690**	**5,042**	5,145
- construction	**221**	**-**	**221**	-
Furniture and office equipment	**117**	**78**	**39**	39
Computer hardware and software	**3,011**	**1,033**	**1,978**	1,642
Vehicles	**2,186**	**1,530**	**656**	365
	$ 13,357	**$ 5,331**	**$ 8,026**	$ 7,191

11. Deferred revenue

	2008	2007
	(000's)	(000's)
Rentals	**$ 851**	$ 921
Affordable Housing Trust	**6,470**	-
Capital cost - office building	**1,300**	-
	$ 8,621	$ 921

Deferred revenue rentals consists of rental payments received by the Corporation in advance of the due dates.

Deferred revenue Affordable Housing Trust (AHT) relates to the unearned balance of the AHT Federal Government funding.

Deferred revenue capital cost - office building relates to funding received for the construction of an office/maintenance building.

12. Group health and life insurance retirement benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health benefits. As at 31 March 2008, the health plan provided benefits to 148 retirees and the life insurance plan to 167 retirees.

12. Group health and life insurance retirement benefits (cont.)

The actuarial extrapolation prepared by the Corporation's actuary was based on a number of assumptions about future events including an interest rate of 6%, health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Corporation's best estimates of expected long-term rates and short-term forecasts.

Group health and life insurance retirement benefits liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

	Estimated Accrued Benefit Obligation	**Unamortized Experience Gains (Losses)**	**Net Liability 2008**	Net Liability 2007	Change
	(000's)	**(000's)**	**(000's)**	(000's)	(000's)
Group health retirement benefits	**$ 14,119**	**$ (3,554)**	**$ 10,565**	$ 9,723	$ 842
Group life insurance retirement benefits	**1,344**	**63**	**1,407**	1,317	90
	$ 15,463	**$ (3,491)**	**$ 11,972**	$ 11,040	$ 932

There are no fund assets associated with these plans.

Group health and life insurance retirement benefits expense

In these financial statements group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

	Corporation's Share of Current Period Costs	**Interest Expense on the Liability**	**Corporation's Current Period Contributions**	**Current Period Amortization of Experience Changes**	**Change**
	(000's)	**(000's)**	**(000's)**	**(000's)**	**(000's)**
Group health retirement benefits	$ 253	$ 654	$ (186)	$ 121	$ 842
Group life insurance retirement benefits	19	80	(11)	2	90
	$ 272	$ 734	$ (197)	$ 123	$ 932

12. Group health and life insurance retirement benefits (cont.)

Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The unamortized experience loss at 31 March 2008 resulted from an increase in health premium rates charged by the insurance provider.

13. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2008 **(000's)**	2007 (000's)
Balance, beginning of year	**$ 7,386**	$ 7,713
Capital replacement expenditures	**(191)**	(327)
Balance, end of year	**$ 7,195**	$ 7,386

14. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 21), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a $3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	2008 **(000's)**	2007 (000's)
Balance, beginning of year	**$ 3,252**	$ 3,245
Gains (losses) for the year	**-**	7
Balance, end of year	**$ 3,252**	$ 3,252

The fund covers a portfolio of Federal loans totalling $158,933,062. The majority of these loans relate to either Social Housing projects that receive significant Federal/Provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

15. Mortgages, debentures and similar indebtedness

	2008 (000's)	2007 (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 4.12% repayable in blended annual installments of $2,093,539, with final due dates ranging from March 2022 to January 2030	**$ 25,445**	$ 26,570
(b) Toronto Dominion Bank fixed rate bankers acceptances matured on 13 June 2007	**-**	2,993
	$ 25,445	$ 29,563

Principal repayments for the next five years on the $25,445,000 of debt with fixed terms of repayment are as follows:

	(000's)
2009	$ 1,074
2010	$ 1,119
2011	$ 1,165
2012	$ 1,218
2013	$ 1,268

16. CMHC investment in cost-shared programs

	2008 (000's)	2007 (000's)
Non-profit rental housing	**$ 88,159**	$ 89,203
Rural and native housing	**33,157**	39,126
Home repair assistance	**3,983**	5,587
	$ 125,299	$ 133,916

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual Federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 21).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

17. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances of $62,861,000 made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

18. Contingent liabilities

(a) Claims have been filed against the Corporation for:

(i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.

(ii) $100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.

(iii) Special damages related to an alleged breach of contract and/or negligence relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

(b) The Corporation has provided guarantees on outstanding mortgage balances totalling $293,759 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.

(c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled $2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost $10,000,000.

(d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of $6,000,000.

18. Contingent liabilities (cont.)

(e) In 1999, the Corporation learned of possible environmental liabilities relating to 17 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at $1,000,000. To date, expenditures related to this work have totalled $317,000. All 17 tanks have been removed and remediation has been completed on 7 of the 17 sites.

(f) During 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. The cost of environmental remediation is estimated at $1,400,000.

19. Commitments

The Corporation has commitments totalling $8,573,835 comprised of uncompleted purchase and construction contracts at year end of $3,200,855 and commitments under lending programs of $5,372,980.

20. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, due from/to CMHC, accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the short-term financial instruments.

The Corporation's long-term financial instruments recognized on the balance sheet consist of due from the Province of Newfoundland and Labrador - Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

21. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2008 (000's)	2007 (000's)
1997 Canada-Newfoundland Social Housing Agreement	$ 51,794	$ 53,082
Provincial Home Repair Program	4,331	4,466
Affordable Housing Program	2,881	2,718
Residential Rehabilitation Assistance Program	73	(2)
Mortgages	10	10
	$ 59,089	$ 60,274

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

22. Administrative expenses

	2008 (000's)	2007 (000's)
Advertising and promotion	$ 100	$ 75
Computer system costs	1,746	1,155
General	567	459
Office equipment leases	42	50
Office equipment purchases	66	55
Office supplies	165	144
Rent, heat, light, cleaning and maintenance	1,145	1,004
Salaries and employee benefits	13,598	11,836
Telephone and postage	339	323
Travel and vehicle expenses	546	420
	$ 18,314	$ 15,521

23. Rental properties expenses

	2008 **(000's)**	2007 (000's)
Amortization	**$ 6,832**	$ 6,866
Bad debts	**31**	-
Heat, light and operating	**9,470**	8,816
Interest on debt	**18,162**	18,764
Municipal taxes	**5,069**	4,878
Repairs and maintenance	**17,522**	14,129
	$ 57,086	$ 53,453

24. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2008 was $1,066,540 (2007 - $956,685).

25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

26. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributed approximately 25% (2007 – 15%) of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

27. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HYDRO

FINANCIAL STATEMENTS

DECEMBER 31, 2007

Independent Auditors' Report

To the Lieutenant-Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of Newfoundland and Labrador Hydro as at December 31, 2007 and the consolidated statements of income and retained earnings and comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these Consolidated Financial Statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles. As required by The Hydro Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year, except as disclosed in Note 2.

Deloitte & Touche

Chartered Accountants
St. John's, Newfoundland and Labrador
Canada
February 25, 2008

Consolidated Balance Sheet

As at December 31 (millions of dollars)	**2007**	2006
ASSETS		
Current assets		
Cash and cash equivalents	**7.2**	10.0
Short-term investments	**11.5**	11.7
Accounts receivable	**80.6**	72.4
Current portion of long-term receivable (Note 5)	**0.5**	1.1
Current portion of regulatory assets (Note 4)	**12.1**	45.3
Fuel and supplies	**69.7**	54.4
Prepaid expenses	**1.2**	1.5
	182.8	196.4
Property, plant and equipment (Note 3)	**1,825.7**	1,791.5
Long-term receivables (Note 5)	**23.3**	19.2
Sinking funds (Notes 8 and 12)	**151.8**	117.1
Regulatory assets (Note 4)	**86.4**	102.9
Investments (Note 6)	**5.2**	5.2
Reserve fund (Note 17)	**11.1**	-
	2,286.3	2,232.3

LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Bank indebtedness	**9.1**	6.5
Accounts payable and accrued liabilities	**75.9**	49.2
Accrued interest	**30.7**	30.8
Current portion of long-term debt (Note 8)	**209.1**	22.5
Current portion of regulatory liabilities (Note 4)	**23.5**	33.7
Promissory notes (Note 8)	**7.0**	58.8
	355.3	201.5
Long-term debt (Note 8)	**1,187.8**	1,394.7
Regulatory liabilities (Note 4)	**15.5**	16.6
Long-term payable (Note 9)	-	0.3
Employee future benefits (Note 10)	**47.4**	42.3
	62.9	59.2
Non-controlling interest in Lower Churchill Development Corporation	**2.5**	2.5
Shareholder's equity (Note 11)		
Share capital	**22.5**	22.5
Contributed capital	**114.0**	114.0
Retained earnings	**521.8**	437.9
Accumulated other comprehensive income (Note 12)	**19.5**	-
	677.8	574.4
Commitments and contingencies (Note 17)		
	2,286.3	2,232.3

See accompanying notes

On behalf of the Board:

John Ottenheimer
Director

Gerald Shortall
Director

Consolidated Statement of Income and Retained Earnings

Year ended December 31 (millions of dollars)	**2007**	2006
Revenue		
Energy sales	**546.5**	522.9
Guaranteed winter availability	**21.0**	18.9
Rentals and royalties	**0.3**	0.3
Other	**5.6**	5.9
	573.4	548.0
Expenses		
Operations and administration	**143.1**	130.4
Fuels	**159.2**	154.6
Power purchased	**38.4**	38.8
Amortization	**50.7**	48.5
Interest (Note 14)	**100.4**	105.7
	491.8	478.0
Net income	**81.6**	70.0
Retained earnings, beginning of year	**437.9**	370.5
Add: adjustment to opening retained earnings (Note 2)	**2.3**	-
	521.8	440.5
Dividends	-	2.6
Retained earnings, end of year	**521.8**	437.9

See accompanying notes

Consolidated Statement of Comprehensive Income

Year ended December 31 (millions of dollars)	**2007**	2006
Net income	**81.6**	70.0
Other comprehensive income		
Change in fair value of sinking fund investments	**0.2**	-
Comprehensive income	**81.8**	70.0

See accompanying notes

Consolidated Statement of Cash Flows

Year ended December 31 (millions of dollars)	2007	2006
Cash provided by (used in)		
Operating activities		
Net income	**81.6**	70.0
Adjusted for items not involving a cash flow		
Amortization	**50.7**	48.5
Accretion of long-term debt	**0.8**	1.0
Loss on disposal of property, plant and equipment	**1.0**	1.6
Foreign exchange gain	**(0.3)**	-
Other	**(0.1)**	0.4
	133.7	121.5
Change in non-cash balances (Note 15)	**42.1**	55.4
	175.8	176.9
Financing activities		
Decrease in promissory notes	**(51.8)**	(92.0)
Long-term debt issued	-	225.0
Long-term debt retired	**(13.1)**	(215.1)
Dividends	-	(2.6)
Foreign exchange loss recovered	**0.1**	0.7
	(64.8)	(84.0)
Investing activities		
Additions to property, plant and equipment	**(86.5)**	(60.9)
Increase in sinking funds	**(19.6)**	(18.5)
Decrease (increase) in short-term investments	**0.2**	(5.6)
Additions to regulatory assets	-	(1.9)
Increase in reserve fund	**(11.1)**	-
Proceeds on disposal of property, plant and equipment	**0.6**	0.5
	(116.4)	(86.4)
Net (decrease) increase in cash	**(5.4)**	6.5
Cash position, beginning of year	**3.5**	(3.0)
Cash position, end of year	**(1.9)**	3.5
Cash position is represented by		
Cash and cash equivalents	**7.2**	10.0
Bank indebtedness	**(9.1)**	(6.5)
	(1.9)	3.5
Supplementary disclosure of cash flow information		
Income taxes paid	**0.2**	0.2
Interest income received	**1.2**	1.7
Interest paid	**105.4**	111.3

See accompanying notes

Notes to Consolidated Financial Statements

Newfoundland and Labrador Hydro (Hydro) is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador (Province) as a Crown corporation and its principal activity is the development, generation and sale of electricity.

Gull Island Pond Corporation (GIPCo) is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland (Gull Island Project). Lower Churchill Development Corporation (LCDC) is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the lower Churchill River (Lower Churchill Development). Both GIPCo and LCDC are inactive.

Churchill Falls (Labrador) Company (CF(L)Co) is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428 megawatts (MW). Twin Falls Power Corporation (TWINCo) is incorporated under the laws of Canada and has developed a 225 megawatt hydroelectric generating plant on the Unknown River in Labrador. The plant has been inoperative since 1974. Hydro and its subsidiary and jointly controlled companies, other than TWINCo, are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. Preparation of these Consolidated Financial Statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Key areas where management has made complex or subjective judgements include: the fair value and recoverability of assets; litigation; environmental and asset retirement obligations; amortization; property, plant, and equipment; and other employee future benefits. Actual results may differ from these estimates, including changes as a result of future decisions made by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB).

Rates and Regulations (Excluding Sales by Subsidiaries)

Hydro's revenues from electricity sales to most customers within the Province are subject to rate regulation by the PUB. As well, Hydro's borrowing and capital expenditure programs are also subject to review and approval by the PUB. Rates are set through periodic general rate applications utilizing a cost of service (COS) methodology. The allowed rate of return on rate base is 7.4%. Hydro applies various accounting policies that differ from enterprises that do not operate in a rate regulated environment. Generally these policies result in the deferral and amortization of costs or credits which will be recovered or refunded in future rates. In the absence of rate regulation, these amounts would be included in the determination of net income in the year the amounts are incurred. The effects of rate regulation on the financial statements are more fully disclosed in Note 4.

Principles of Consolidation

The Consolidated Financial Statements include the financial statements of Hydro and its subsidiary companies, GIPCo (100% owned) and LCDC (51% owned).

Effective June 18, 1999, Hydro, CF(L)Co and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CF(L)Co be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to CF(L)Co, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in CF(L)Co subsequent to the effective date of the shareholders' agreement.

A portion of Hydro's shareholding in CF(L)Co is deposited in a voting trust pursuant to an agreement with Hydro-Québec, in relation to CF(L)Co's General Mortgage Bonds. Effective February 25, 2008, the bonds were retired, removing the requirement for the shares to be held in trust.

Notes to Consolidated Financial Statements

CF(L)Co holds 33.33% of the equity share capital of TWINCo and is a party with other shareholders in a participation agreement which gives CF(L)Co joint control of TWINCo. This investment is accounted for by the proportionate consolidation method.

Cash Equivalents and Short-term Investments
Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than twelve months are classified as short-term investments. Both are stated at cost, which approximates market value. The short-term investments outstanding at December 31, 2007 bear interest rates of 4.12% to 5.00% (2006 - 4.28% to 4.35%) per annum.

Fuel and Supplies
Fuel and supplies inventories are recorded at average cost.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost, which comprises materials, labour, contracted services, other costs directly related to construction, and an allocation of certain overhead costs. Expenditures for additions and betterments are capitalized and normal expenditures for maintenance and repairs are charged to operations. The cost of property, plant and equipment under construction is transferred to property, plant and equipment in service when construction is completed and facilities are commissioned, at which point amortization commences.

The fair value of the future expenditures required to settle legal obligations associated with the retirement of property, plant and equipment is recognized to the extent that is reasonably estimable. Asset retirement obligations are recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. As it is expected that Hydro's assets will be used for an indefinite period, no removal date can be determined and, consequently, a reasonable estimate of the fair value of any related asset retirement obligation cannot be determined at this time. If it becomes possible to estimate the fair value of the cost of removing assets that Hydro is legally required to remove, an asset retirement obligation will be recognized at that time.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of property, plant and equipment, or the fair value of assets contributed. Contributions are treated as a reduction to property, plant and equipment and the net property, plant and equipment are amortized.

Hydro, GIPCo and LCDC
Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Gains or losses on the disposal of property, plant and equipment are recognized in income as incurred.

Amortization is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Amortization on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

Notes to Consolidated Financial Statements

Estimated service lives of the major assets are as follows:

Generation plant	
Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years
Transmission	
Lines	40 and 50 years
Switching stations	40 years
Distribution system	30 years
Other	3 to 50 years

Hydroelectric generation plant includes the powerhouse, turbines, governors and generators, as well as water conveying and control structures, including dams, dykes, tailrace, penstock and intake structures. Thermal generation plant is comprised of the powerhouse, turbines and generators, boilers, oil storage tanks, stacks and auxiliary systems. Diesel generation plant includes the buildings, engines, generators, switchgear, fuel storage and transfer systems, dykes and liners and cooling systems.

Transmission lines include the support structures, foundations and insulators associated with lines at voltages of 230, 138 and 69 kV. Switching stations' assets are used to step up voltages of electricity from generating to transmission and to step down voltages for distribution.

Distribution system assets include poles, transformers, insulators and conductors.

Other assets would include telecontrol, computer software, buildings, vehicles, furniture, tools and equipment.

CF(L)Co

CF(L)Co uses the group amortization method for certain property, plant and equipment, other than the generation plant, transmission and terminals, and service facilities.

Amortization is provided on a straight-line basis over the following estimated useful lives:

Generation plant	
Hydroelectric	67 years
Transmission and terminals	67 years
Service facilities	67 years
Other	5 to 100 years

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to amortization expense.

Impairment of Long-lived Assets

Hydro reviews the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the expected undiscounted net cash flows could be lower than the carrying value of the property and assets. An impairment loss corresponding to the amount by which the carrying value exceeds fair value is recognized, if applicable.

Notes to Consolidated Financial Statements

Revenue Recognition

Revenue is recognized on the accrual basis, as power deliveries are made, and includes an estimate of the value of electricity consumed by customers in the year, but billed subsequent to year-end. Sales within the Province are primarily at rates approved by the PUB. Sales to Hydro-Québec and certain major industrial customers are at rates under the terms of applicable contracts.

A power contract with Hydro-Québec dated May 12, 1969 (Power Contract), provides for the sale of substantially all the energy from CF(L)Co until 2041. The Power Contract has a 40-year term to 2016 which then renews for a further term of 25 years. The base rate is predetermined in the Power Contract and decreases from the existing rate of 2.5425 mills per kWh to 2.0 mills per kWh upon renewal in 2016.

CF(L)Co receives revenues from Hydro-Québec under a guaranteed winter availability contract (GWAC) through 2041. The GWAC provides for the sale of 682 MW of additional availability to Hydro-Québec during the months of November through March in each of the remaining years until the end of the Power Contract.

Also included in revenue are amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables. Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% per annum (2006 - 7%).

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

(a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.

(b) At each balance sheet date, monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date. Any resulting gain or loss is reflected in income.

  (i) Foreign exchange gains and losses are included in income in the current year except for unrealized gains and losses related to First Mortgage Bonds which were recoverable under the Power Contract. The First Mortgage Bonds were paid out during the year. CF(L)Co recovered a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract.

Credit Risk

Hydro is exposed to credit risk associated with trade receivables. Although a significant portion of the total accounts receivable balance are due from one customer, management does not consider Hydro to be exposed to a material credit risk since that customer is another regulated utility.

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions are expensed as incurred.

Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately 13 years.

Notes to Consolidated Financial Statements

2. NEW ACCOUNTING POLICIES

Effective January 1, 2007, Hydro adopted four new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). Section 1530, "Comprehensive Income", introduces a new financial statement which shows the change in net assets of an enterprise attributable to transactions and other events from non-owner sources. Section 3855, "Financial Instruments - Recognition and Measurement", establishes standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives. The new standards prescribe how financial instruments are to be recognized on the balance sheet and the measurement of such amounts. Depending on financial instruments' classification, changes in subsequent measurements are recognized in net income or Other Comprehensive Income (OCI). Section 3861, "Financial Instruments - disclosure and presentation", establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Section 3865, "Hedges", specifies when and how hedge accounting may be applied. Hydro did not engage in any hedging relationships during this period.

Under the new standards, all financial instruments are classified into one of the following five categories: held-to-maturity, loans and receivables, available-for-sale, held-for-trading, or other liabilities. All financial instruments, including derivatives, are carried at fair value on the consolidated balance sheet except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in OCI until the instrument is derecognized or impaired.

The company has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Short-term investments	Held-to-maturity
Accounts receivable	Loans and receivables
Sinking funds - investments in same Hydro issue	Held-to-maturity
Sinking funds - other investments	Available-for-sale
Reserve fund	Available-for-sale
Long-term receivable	Loans and receivables
Bank indebtedness	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Promissory notes	Other liabilities
Long-term debt	Other liabilities
Due to related parties	Other liabilities

These new standards have been applied prospectively without restatement of prior period amounts. Hydro recognized an increase to opening retained earnings of $2.3 million upon adoption of these standards. This adjustment arose from the measurement of outstanding long-term debt at amortized cost using the effective interest method. As well, Hydro recognized an opening balance of accumulated other comprehensive income arising from unrealized gains on sinking fund investments of $19.3 million.

Notes to Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Property, Plant and Equipment in Service	Contributions in Aid of Construction	Accumulated Amortization	Construction in Progress	Net Book Value
millions of dollars			**2007**		
Generation plant					
Hydroelectric	**1,363.5**	**20.5**	**313.2**	**114.4**	**1,144.2**
Thermal	**244.2**	**0.8**	**188.3**	**0.8**	**55.9**
Diesel	**61.3**	**5.9**	**29.7**	**0.1**	**25.8**
Transmission and distribution	**767.2**	**60.7**	**229.2**	**0.8**	**478.1**
Service facilities	**22.0**	**-**	**11.1**	**-**	**10.9**
Other	**306.0**	**32.0**	**167.5**	**4.3**	**111.8**
	2,764.2	**119.9**	**939.0**	**120.4**	**1,825.7**

	Property, Plant and Equipment in Service	Contributions in Aid of Construction	Accumulated Amortization	Construction in Progress	Net Book Value
millions of dollars			2006		
Generation plant					
Hydroelectric	1,362.0	20.5	300.8	70.4	1,111.1
Thermal	235.7	0.8	184.3	1.0	51.6
Diesel	59.7	6.1	27.9	1.0	26.7
Transmission and distribution	753.0	60.8	213.9	2.3	480.6
Service facilities	22.0	-	10.8	-	11.2
Other	289.9	29.1	155.5	5.0	110.3
	2,722.3	117.3	893.2	79.7	1,791.5

Included in the above amounts are CF(L)Co assets in service amounting to $653.7 million (2006 - $651.9 million) which are pledged as collateral for long-term debt.

4. FINANCIAL STATEMENT EFFECTS OF RATE REGULATION

millions of dollars	**2007**	2006	**Remaining Recovery Settlement Period (years)**
Regulatory assets			
Long-term receivable	**12.1**	63.1	0.5
Foreign exchange losses	**73.3**	75.5	35.0
Deferred regulatory costs	**0.4**	0.6	2.0
Deferred major extraordinary repairs	**12.3**	8.7	5.0
Deferred study costs	**0.4**	0.3	2.0
Total regulatory assets	**98.5**	148.2	
Less current portion	**12.1**	45.3	
	86.4	102.9	
Regulatory liabilities			
Rate Stabilization Plan	**38.3**	49.6	n/a
Deferred purchased power savings	**0.7**	0.7	20.0
Total regulatory liabilities	**39.0**	50.3	
Less current portion	**23.5**	33.7	
	15.5	16.6	

The following is a description of each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory assets represent future revenues associated with certain costs, incurred in current or prior periods, that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. The risks and uncertainties related to regulatory assets and liabilities are subject to periodic assessment. When Hydro considers that the value of these regulatory assets or liabilities is no longer likely to be recovered or repaid through future rate adjustments, the carrying amount is reflected in operations.

Rate Stabilization Plan and Related Long-term Receivable

Fuel expenses are included in allowed rates on a forecast basis. On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a Rate Stabilization Plan (RSP) which primarily provides for the deferral of fuel expense variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments are required in retail rates to cover the amortization of the balance in the plan and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

Pursuant to Order No. P.U. 7 (2002-2003) and Order No. P.U. 40 (2003) RSP balances which accumulated prior to March 31, 2003, have been converted to a long-term receivable which bears interest at the weighted average cost of capital and is to be recovered over a four-year period, which commenced in 2004. The recovery period for industrial customers ended on December 31, 2007 and any remaining balances were transferred to the current plan. The recovery period for the utility customer will end on June 30, 2008. Any subsequent balances accumulating in the RSP, including financing charges, are to be recovered in the following year, with the exception of hydraulic variation, which will be recovered or refunded at a rate of 25 per cent of the outstanding balance at year-end. Additionally, a fuel rider is calculated annually based on the forecast fuel price and is added to or subtracted from the rates that would otherwise be in effect.

Notes to Consolidated Financial Statements

Hydro recognizes the RSP balances as a regulatory asset or liability based on the expectation that rates will be adjusted annually to provide for the collection from, or refund to, customers in future periods. In the absence of rate regulation, Generally Accepted Accounting Principles would require that the cost of fuel be recognized as an operating expense in the period in which it was consumed. In 2007, $31.5 million was recognized (2006 - $3.9 million deferred) in the RSP and $8.9 million (2006 - $83.6 million) was recovered through rates and included in energy sales with a corresponding cost amortized in fuel expenses.

Foreign Exchange Losses

Hydro incurred foreign exchange losses related to the issuance of Swiss Franc and Japanese Yen denominated debt in 1975 and 1985, respectively, which were recognized when the debt was repaid in 1997. The PUB has accepted the inclusion of realized foreign exchange losses related to long-term debt in rates charged to customers in future periods. Any such loss, net of any gain, is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. Accordingly, these losses are recognized as a regulatory asset. In the absence of rate regulation, Generally Accepted Accounting Principles would require that Hydro include the losses in operating costs in each year that the related debt was outstanding to reflect the exchange rates in effect on each reporting date.

Commencing in 2002, the PUB ordered Hydro's deferred realized foreign exchange losses be amortized over a 40-year period. This amortization, $2.2 million annually, is included in interest expense (Note 14).

Deferred Regulatory Costs

Pursuant to Order No. P.U. 14 (2004), the PUB approved the deferral of external costs associated with the General Rate Application (GRA) and hearing to be amortized over a three-year period, which commenced in 2004. Pursuant to Order No. P.U. 8 (2007), the PUB approved the deferral and amortization of external costs associated with Hydro's 2006 GRA in the amount of $0.6 million. These costs are recognized as a regulatory asset. In the absence of rate regulation, Generally Accepted Accounting Principles would require that Hydro include these costs in operating costs in the year in which they were incurred. In 2007, $0.2 million (2006 - $0.7 million) of amortization was recognized in operations and administration expenses.

Deferred Major Extraordinary Repairs

In its report dated April 13, 1992, the PUB recommended that Hydro adopt a policy of deferring and amortizing the costs of major extraordinary repairs in excess of $500,000, subject to PUB approval on a case-by-case basis. In 2005, Hydro started an asbestos abatement program at the Holyrood Thermal Generating Station (HTGS). This program was carried out over a three-year period. Pursuant to Order No. P.U. 2 (2005), the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, the costs incurred in each year of the program will be recognized as a regulatory asset which will be amortized over the subsequent five-year period. In 2006, Hydro incurred $2.3 million in expenses to repair a boiler tube failure at the HTGS. Pursuant to Order No. P.U. 44 (2006), the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, these costs are being amortized over a five-year period. In 2007, Hydro incurred $2.0 million in expenses to repair a turbine at HTGS. These costs have been deferred as a major extraordinary repair. Subject to PUB approval, these costs will be amortized over a five-year period commencing in 2008. In the absence of rate regulation, Generally Accepted Accounting Principles would require that Hydro expense the cost of the asbestos abatement program and the boiler tube and turbine repairs in the year in which they were incurred. In 2007, $2.1 million (2006 - $1.1 million) of amortization was recognized in operating costs.

Deferred Study Costs

Pursuant to Order No. P.U. 14 (2004), the PUB directed Hydro to conduct an independent study of the treatment of Newfoundland Power's generation in Hydro's COS and an independent marginal cost study, and to accumulate these costs in a deferral account to be dealt with at the next GRA. Pursuant to Order No. P.U. 8 (2007), Hydro received approval for recovery of these costs over a three-year period commencing in 2007. Accordingly, these costs have been recognized as a regulatory asset. In the absence of rate regulation, Generally Accepted Accounting Principles would require that Hydro include the cost of these studies in operating costs in the year in which they were incurred. In 2007, $0.2 million (2006 - $0.2 million) was deferred in relation to these studies and $0.1 million (2006 - nil) of amortization was recognized in operating costs.

Deferred Purchased Power Savings

In 1997, Hydro interconnected communities in the area of L'Anse au Clair to Red Bay to the Hydro-Québec system. In its report dated July 12, 1996, the PUB recommended that Hydro defer the benefits of a reduced initial purchased power rate, to be amortized over a 30-year period. These savings are recognized as a regulatory liability. In the absence of rate regulation, Generally Accepted Accounting Principles would require that Hydro include the actual cost of purchased power in operating costs in the year in which they were incurred.

Property, Plant and Equipment

The PUB permits an allowance for funds used during construction (AFUDC), based on Hydro's weighted average cost of capital, to be included in the cost of capital assets and amortized over future periods as part of the total cost of the related asset. Since Hydro's AFUDC (7.6%) is lower than its cost of debt (8.0%), the amount capitalized is lower and interest expense is higher by $0.3 million (2006 - $0.3 million) than that which would be permitted in the absence of rate regulation (Note 14).

Hydro depreciates its hydroelectric generating assets and transmission assets using the sinking fund method, as approved by the PUB. In the absence of rate regulation, these assets would likely be amortized using the straight-line method.

During 2005, pursuant to Order No. P.U. 7 (2002-2003), Hydro engaged an independent consultant to conduct an amortization study. The scope of this study included a review of Hydro's amortization methods as well as a statistical analysis of service life estimates and calculation of appropriate amortization rates and annual and accrued amortization balances as at December 31, 2004. Based on the results of this study, management estimated that accumulated amortization is approximately $170-180 million lower than it would otherwise be, and annual amortization expense is $10-11 million lower, primarily due to the use of sinking fund rather than straight line amortization for hydroelectric and transmission assets. An update to this study is planned for 2008.

5. LONG-TERM RECEIVABLES

Included in long-term receivables are two refundable deposits associated with an application for transmission service into Québec, bearing interest at prime until April 2007 and at one-year Guaranteed Income Certificate (GIC) rates thereafter.

Notes to Consolidated Financial Statements

6. INVESTMENTS

millions of dollars	**2007**	2006
Lower Churchill Option	**5.2**	5.2

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (Principal Agreement), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

If LCDC is chosen as the ownership and financing vehicle for further development of the Lower Churchill Project, GIPCo's assets and the hydroelectric development rights to the lower Churchill River, (Water Rights), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the province (Option Agreement). The purchase price in respect of GIPCo's assets will be a maximum of $100.0 million less $5.2 million representing the value assigned to 520 Class A common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of $94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to Hydro. The parties have agreed that the value of each Class B common share is $10,000. The Option Agreement expires November 24, 2008.

Hydro holds 1,540 Class A common shares of LCDC which have a stated value of $10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

7. JOINT VENTURE

The following amounts included in the Consolidated Financial Statements represent Hydro's proportionate share of CF(L)Co's assets and liabilities at December 31, 2007, and its proportionate interest in CF(L)Co's operations for the year ended December 31, 2007.

millions of dollars	**2007**	2006
Current assets	**39.5**	44.0
Long-term assets	**328.9**	325.1
Current liabilities	**12.5**	24.8
Long-term liabilities	**36.6**	37.4
Revenues	**70.6**	70.6
Expenses	**51.0**	48.7
Net income	**19.6**	21.9
Cash provided by (used in)		
Operating activities	**40.4**	33.6
Financing activities	**(19.7)**	(19.8)
Investing activities	**(16.3)**	(10.1)

8. LONG-TERM DEBT

	Hydro	CF(L)Co	Total	Hydro	CF(L)Co	Total
millions of dollars		**2007**			2006	
Summary of long-term debt						
Long-term debt	**1,359.4**	**37.5**	**1,396.9**	1,365.6	51.6	1,417.2
Less current portion	**208.3**	**0.8**	**209.1**	8.3	14.2	22.5
	1,151.1	**36.7**	**1,187.8**	1,357.3	37.4	1,394.7

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

millions of dollars	2008	2009	2010	2011	2012
Sinking fund requirements	8.2	8.2	8.2	8.2	8.2
Long-term debt repayments	200.9	0.9	35.9	-	-
	209.1	9.1	44.1	8.2	8.2

Details of long-term debt are as follows:

Hydro

Series	Interest Rate %	Year of Issue	Year of Maturity	2007	2006
millions of dollars					
AA	5.50	1998	2008	**199.9**	199.6
V	10.50	1989	2014	**124.4**	124.7 (a)
X	10.25	1992	2017	**149.0**	149.4 (a)
Y	8.40	1996	2026	**292.7**	294.5 (a)
AB	6.65	2001	2031	**307.1**	306.6 (a)
AD	5.70	2003	2033	**123.5**	123.6 (a)
AE	4.30	2006	2016	**223.3**	223.2
Total debentures				**1,419.9**	1,421.6
Less sinking fund investments in own debentures				**60.8**	56.5
				1,359.1	1,365.1
Other				**0.3**	0.5
				1,359.4	1,365.6
Less current portion				**208.3**	8.3
				1,151.1	1,357.3

(a) Sinking funds have been established for these issues.

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2013 to 2033. Hydro debentures, which Management intends to hold to maturity, are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 4.50% to 9.86% (2006 - 4.50% to 9.86%).

Notes to Consolidated Financial Statements

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee fee of 1% annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

Hydro uses promissory notes to fulfill its short-term funding requirements. At year-end, the promissory notes outstanding were at interest rates ranging from 4.30 to 4.45% (2006 - 4.25% to 4.55%).

Hydro maintains a $50 million Canadian or US equivalent unsecured operating credit facility with its banker. Advances may take the form of a prime rate advance or the issuance of a Bankers' Acceptance (BA) with interest calculated at the prime rate or prevailing Government BA fee. The facility also provides coverage for overdrafts on Hydro's bank accounts, with interest calculated at the prime rate.

CF(L)Co

millions of dollars	**2007**	2006
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (2006 - U.S. $10.6)	-	12.4
7.875% Series B due December 15, 2007	-	1.1
General Mortgage Bonds		
7.500% due December 15, 2010	**37.5**	38.1
	37.5	51.6
Less current portion	**0.8**	14.2
	36.7	37.4

The First Mortgage Bonds, Series A and B, were repayable in fixed semi-annual and in contingent annual sinking fund installments. There were contingent repayments required in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments which commenced in June 1980. Each payment will be an amount equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date with a final principal payment of $35.9 million due in 2010. These bonds were subordinate to the First Mortgage Bonds (Note 19).

CF(L)Co maintains a $10.0 million Canadian or U.S. equivalent unsecured operating credit facility with its banker. Advances may take the form of a prime rate advance or the issuance of a BA with interest calculated at the prime rate or prevailing Government BA Fee. The facility provides coverage for overdrafts on CF(L)Co's bank accounts, with interest calculated at the prime rate.

Under the terms of long-term debt instruments, CF(L)Co may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A shareholders' agreement signed in June 1999 places additional restrictions on dividends based on cash flow.

9. LONG-TERM PAYABLE

The long-term payable to Hydro-Québec, arising from the difference between energy deliveries and the Annual Energy Base (AEB) pursuant to the Power Contract, bears interest at 7.0% per annum and is repayable over a four-year period, which commenced in September 2004. The current portion of $0.4 million (2006 - $0.4 million) is included in accounts payable and accrued liabilities.

Notes to Consolidated Financial Statements

10. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the province's Public Service Pension Plan, a multi-employer defined benefit plan. The employers' contributions of $4.6 million (2006 - $4.2 million) are expensed as incurred.

Other Benefits

Additionally, Hydro provides group life insurance and healthcare benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. In 2007, cash payments to beneficiaries for its unfunded other employee future benefits was $2.3 million (2006 - $2.4 million). The most recent actuarial valuation was performed as at December 31, 2007.

millions of dollars	**2007**	2006
Accrued benefit obligation		
Balance at beginning of year	**67.8**	49.0
Current service cost	**2.3**	2.0
Interest cost	**3.6**	3.0
Actuarial (gain) loss	**(2.8)**	16.2
Benefits paid	**(2.3)**	(2.4)
Balance at end of year	**68.6**	67.8
Plan deficit at end of year	**68.6**	67.8
Unamortized actuarial loss	**(20.9)**	(25.2)
Unamortized past-service cost	**(0.3)**	(0.3)
Accrued benefit liability at end of year	**47.4**	42.3

millions of dollars	**2007**	2006
Components of benefit cost		
Current service cost	**2.3**	2.0
Interest cost	**3.6**	3.0
Actuarial (gain) loss	**(2.8)**	16.2
	3.1	21.2
Adjustments		
Difference between actual actuarial loss and amount recognized	**4.3**	(15.0)
Benefit expense	**7.4**	6.2

The significant actuarial assumptions used in measuring the company's accrued benefit obligations and benefit expense are as follows:

	2007	2006
Discount rate	**5.5%**	5.3%
Rate of compensation increase	**3.5%**	3.5%

Assumed health care trend rates:

	2007	2006
Initial healthcare expense trend rate	**8.0%**	12.0%
Cost trend decline to	**5.0%**	5.0%
Year that rate reaches the rate it is assumed to remain at	**2011**	2010

A 1% change in assumed healthcare trend rates would have had the following effects for 2007:

millions of dollars	**Increase**	**Decrease**
Current service cost	**0.5**	**(0.4)**
Interest cost	**0.7**	**(0.4)**
Accrued benefit obligation	**11.9**	**(9.2)**

11. SHAREHOLDER'S EQUITY

Share Capital

millions of dollars	**2007**	2006
Common shares of par value $1 each		
Authorized 25,000,000 shares; issued 22,503,942 shares	**22.5**	22.5

Contributed Capital

millions of dollars	**2007**	2006
Lower Churchill Development Corporation	**15.4**	15.4
Muskrat Falls Project	**2.2**	2.2
Gull Island Project	**96.4**	96.4
	114.0	114.0

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

millions of dollars	**2007**	2006
Adjusted opening balance arising from adoption of new accounting policies regarding financial instruments	**19.3**	-
Changes in fair value of sinking funds	**0.2**	-
Balance, end of year	**19.5**	-

There were no material changes in the fair market value of the reserve fund investments.

13. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at December 31 are based on relevant market prices and information available at the time. The fair value of long-term debt is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and property, plant and equipment, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Hydro as a whole.

	Carrying Value	Fair Value	Carrying Value	Fair Value
millions of dollars	**2007**		2006	
Long-term debt including current portion	**1,396.9**	**1,731.2**	1,417.2	1,781.9

14. INTEREST EXPENSE

millions of dollars	**2007**	2006
Gross interest		
Long-term debt	**105.0**	106.6
Promissory notes	**0.9**	5.1
	105.9	111.7
Accretion of long-term debt	**0.8**	1.1
Provision for foreign exchange losses	**2.2**	2.1
	108.9	114.9
Less		
Recovered from Hydro-Québec	**1.0**	1.1 (a)
Interest capitalized during construction	**6.3**	4.9
Interest earned	**14.3**	17.2
Net interest expense	**87.3**	91.7
Debt guarantee fee	**13.1**	14.0
Net interest and guarantee fee	**100.4**	105.7

(a) Under the terms of the Power Contract, CF(L)Co recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long term debt.

Also, CF(L)Co can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such requests fail to attract sufficient advances, CF(L)Co can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

15. CHANGE IN NON-CASH BALANCES

millions of dollars	**2007**	2006
Accounts receivable	**(8.2)**	(4.5)
Fuel and supplies	**(15.3)**	5.3
Prepaid expenses	**0.3**	0.8
Accounts payable and accrued liabilities	**26.7**	(9.8)
Regulated assets	**49.7**	39.1
Regulated liabilities	**(11.3)**	37.6
Accrued interest	**(0.1)**	1.3
Employee future benefits	**5.1**	3.8
Long-term receivable	**(4.5)**	(17.8)
Long-term payable	**(0.3)**	(0.4)
	42.1	55.4

Notes to Consolidated Financial Statements

16. SEGMENT INFORMATION

Hydro operates in three business segments. Regulated operations encompass sales of power and energy to most customers within Newfoundland and Labrador while CF(L)Co operates a hydroelectric generating facility and sells electricity primarily to Hydro-Québec. Other energy activities are primarily engaged in energy project development and sales to markets outside the Province. The designation of segments has been based on a combination of regulatory status and management accountability. The segments' accounting policies are the same as those described in Note 1.

	Regulated Operations	**Other Energy Activities**	**Churchill Falls**	**Inter-Segment Eliminations**	**Total**
millions of dollars			**2007**		
Revenue					
External customers	**440.7**	**58.5**	**70.7**	-	**573.4**
Inter-segment		**10.4**	**3.9**	**(10.8)**	
Amortization	**38.4**	-	**12.3**		**50.7**
Interest	**103.2**	**(5.0)**	**2.1**	**0.1**	**100.4**
Net income (loss)	**2.9**	**53.6**	**25.1**		**81.6**
Assets	**1,733.4**	**148.4**	**404.5**		**2,286.3**
Capital expenditures	**36.0**	**45.7**	**4.8**		**86.5**

	Regulated Operations	Other Energy Activities	Churchill Falls	Inter-Segment Eliminations	Total
millions of dollars			2006		
Revenue					
External customers	416.5	57.4	70.6		548.0
Inter-segment		10.1	3.9	(10.5)	
Amortization	36.6	-	11.9		48.5
Interest	102.4	(1.3)	4.5	0.1	105.7
Net income (loss)	(6.9)	50.5	26.4		70.0
Assets	1,732.8	97.5	402.0		2,232.3
Capital expenditures	41.6	14.7	4.6		60.9

At December 31, 2007, sales to Hydro's two largest customers amounted to 60% and 10% of total energy sales revenue (2006 - 61% and 14%). At December 31, 2007, approximately 60% (2006 - 57%) of the total accounts receivable balance outstanding is due from one customer.

Geographic Information

Revenues by geographic area:

millions of dollars	**2007**	2006
Newfoundland and Labrador	**445.1**	426.8
Québec	**128.3**	121.2
	573.4	548.0

Substantially all of Hydro's assets are located in the province.

17. COMMITMENTS AND CONTINGENCIES

(a) Under the terms of a sublease with TWINCo, expiring on December 31, 2014, CF(L)Co is required to deliver to TWINCo, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls Generating Station and to maintain TWINCo's plant and equipment. The costs associated with making the plant operational, if required, are not estimable at this time. In 2015, the physical assets of TWINCo will revert to CF(L)Co and CF(L)Co is required to make this horsepower available to Hydro at rates that are commercially reasonable pursuant to the 1999 shareholders' agreement.

The results of an Environmental Site Assessment (ESA) conducted at the Twin Falls Generating Station indicated higher than acceptable concentrations of contaminants in the soil and waters adjacent to the powerhouse. Further testing was conducted to determine the extent of contamination. The recommendations arising from this testing indicate that remediation is not required, but further monitoring be carried out. Further monitoring is recommended for 2010 and every five years thereafter.

(b) Pursuant to the terms of the 1999 shareholders' agreement, in 2007, CF(L)Co commenced the creation of a $75.0 million segregated reserve fund to contribute towards the funding of capital expenditures related to CF(L)Co's existing facilities and their replacement. CF(L)Co completed the first of six consecutive tranches on January 7, 2007. The remaining investments will be acquired during a 30-day period commencing on each of the following dates:

January 1, 2008	$17.0 million
January 1, 2009	$17.0 million
January 1, 2010	$8.0 million
January 1, 2011	$8.0 million
January 1, 2012	$8.0 million

This fund must remain in place until the end of the shareholders' agreement in 2041. Any amounts removed to fund capital expenditures must be replaced. Hydro's share of this commitment is 65.8%.

(c) Hydro has received claims instituted by various companies and individuals with respect to outages and other miscellaneous matters. Although such matters cannot be predicted with certainty, Management currently considers Hydro's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, to be $1.2 million (2006 - $1.4 million).

One of Hydro's industrial customers commenced legal proceedings in 1997, claiming approximately $21.8 million related to outages and plant shutdowns. Hydro is defending this claim and Management believes that this claim will not be successful.

(d) Outstanding commitments for capital projects total approximately $16.8 million at December 31, 2007 (2006 - $5.1 million).

Notes to Consolidated Financial Statements

(e) Hydro has entered into a number of long-term power purchase agreements as follows:

Type	Rating	In-Service Date	Term
Hydroelectric	175 kW	1988	15 years
Hydroelectric	3 MW	1995	25 years
Hydroelectric	15 MW	1998	25 years
Hydroelectric	4 MW	1998	25 years
Hydroelectric	32 MW	2003	30 years
Cogeneration	15 MW	2003	20 years
Wind	390 kW	2004	15 years
Wind	27 MW	2008	20 years
Wind	27 MW	2008	20 years

Estimated payments due in each of the next 5 years are as follows:

millions of dollars	**2008**	**2009**	**2010**	**2011**	**2012**
Power purchases	37.3	56.0	59.0	65.8	66.5

(f) Hydro has issued two irrevocable letters of credit, one in the amount of $7.2 million to New Brunswick System Operator as credit support related to application for point-to-point transmission service. The second letter of credit has been issued to the Department of Fisheries and Oceans in the amount of $0.3 million as a performance guarantee in relation to the Fish Habitat Compensation Agreement. CF(L)Co has issued an irrevocable letter of credit, in the amount of $1.0 million, to ensure compliance with a certificate of approval for the transportation of special/hazardous wastes, granted by the Department of Environment and Conservation.

18. RELATED PARTY TRANSACTIONS

The province, CF(L)Co, LCDC and GIPCo are related parties of Hydro. In addition, the PUB is related to Hydro by virtue of its status as an agency of the Province.

(a) Hydro has entered into a long-term power contract with CF(L)Co for the purchase of $6.1 million (2006 - $6.1 million) of the power produced by CF(L)Co.

(b) Under an agreement between Hydro and CF(L)Co, Hydro provides certain engineering, technical, management and administrative services to CF(L)Co. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. For the year ended December 31, 2007, the fees paid to Hydro for these services amounted to approximately $2.2 million (2006 - $1.9 million).

(c) Hydro is required to contribute to the cost of operations of the PUB, as well as pay for the cost of hearings into applications it makes. During 2007, Hydro paid $1.2 million to the PUB (2006 - $0.8 million, of which $0.1 million was included in accrued liabilities reflected at December 31, 2006).

(d) Under the terms and conditions of the CF(L)Co (Lease) Act, 1961, CF(L)Co must pay rentals and royalties to the Province annually.

Notes to Consolidated Financial Statements

19. SUBSEQUENT EVENTS

(a) Effective January 1, 2008, the Province created a new Crown corporation to hold its investments in the energy sector. Hydro is in the process of transferring its non-regulated assets and personnel, including its investments in CF(L)Co, GIPCo and LCDC, to the new parent company. The segment information related to regulated operations in Note 16 is indicative of the operations that will remain in Hydro.

(b) On February 25, 2008, CF(L)Co completed a refinancing of the General Mortgage Bonds. The General Mortgage Bonds, bearing an interest rate of 7.50% (6.00% net of subsidies), were retired and replaced with a 4.40% fixed rate credit agreement with the Bank of Nova Scotia. Principal repayment terms of the new credit agreement are the same as those required by the General Mortgage Bonds.

20. COMPARATIVE FIGURES

Certain of the 2006 comparative figures have been reclassified to conform with the 2007 financial statement presentation. Specifically, deferred charges in the amount of $3.4 million have been reclassified to debt as a result of the adoption of CICA Section 3855. In addition, a reclassification of investments of $19.8 million is reported with the sinking funds as opposed to an offset against debt.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Immigrant Investor Fund Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Immigrant Investor Fund Limited as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 May 2008

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 4,149,362	$ 162,097
Short-term investment, at cost (Note 2)	91,730,440	43,241,156
Interest receivable	12,819	4,608
	95,892,621	43,407,861
Deferred financing costs (Note 3)	5,177,449	2,402,010
	$ 101,070,070	$ 45,809,871
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 3,500	$ 6,000
Obligations to investors (Note 4)	97,932,508	44,664,063
	97,936,008	44,670,063
Shareholder's equity		
Share capital (Note 5)		
Authorized 100 common shares of no par value Issued 3 shares	-	-
Surplus	3,134,062	1,139,808
	$ 101,070,070	$ 45,809,871

See accompanying notes

Signed on behalf of the Board: Cathy Duke **Chairperson** **Member**

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
REVENUES		
Interest	$ **2,937,372**	$ 1,470,731
EXPENSES		
Audit fees	**3,500**	3,000
Amortization of deferred financing costs	**934,682**	497,952
Bank charges	**36**	38
Miscellaneous	**720**	300
Safekeeping fees	**4,180**	3,537
	943,118	504,827
Excess of revenues over expenses	**1,994,254**	965,904
Surplus, beginning of period	**1,139,808**	173,904
Surplus, end of period	$ **3,134,062**	$ 1,139,808

See accompanying notes

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	$ 1,994,254	$ 965,904
Items not affecting cash		
Amortization of deferred financing costs	934,682	497,952
Changes in non-cash working capital		
Interest receivable	(8,211)	64,789
Accounts payable and accrued liabilities	(2,500)	3,000
	2,918,225	1,531,645
Cash flows from financing activities		
Deferred financing charges	(3,710,121)	(1,276,063)
Amounts received from investors	53,268,445	18,613,874
Refund to investors	-	(38,524)
	49,558,324	17,299,287
Increase in cash and cash equivalents	52,476,549	18,830,932
Cash and cash equivalents, beginning of year	43,403,253	24,572,321
Cash and cash equivalents, end of year	$ 95,879,802	$ 43,403,253
Cash and cash equivalents include:		
Cash	$ 4,149,362	$ 162,097
Short-term investment	91,730,440	43,241,156
	$ 95,879,802	$ 43,403,253

See accompanying notes

Authority

Newfoundland and Labrador Immigrant Investor Fund Limited (the Corporation), was incorporated on 28 April 2005 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by the Minister of Innovation, Trade and Rural Development on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant Governor in Council.

The purpose of the Corporation is to receive, administer and invest funds received from Citizenship and Immigration Canada (CIC) under its Business Immigration Program. Section 92(f) of the *Immigration and Refugee Protection Regulations* to the *Immigration and Refugee Protection Act* requires that during the allocation period of five years, the provincial allocation must be used for the purpose of creating or continuing employment in Canada to foster the development of a strong and viable economy.

In April 2005 the Provincial Cabinet instructed the Board of Directors to direct the investment activities of the Corporation and refer projects to Cabinet for approval. The Board of Directors is also to ensure that all recommended investments are subject to a thorough financial and business analysis.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

(a) Deferred financing costs

Deferred financing costs are amortized, on a straight line basis, over the five year period during which the funds are available to the Corporation.

(b) Obligations to investors

An obligation to an investor is recognized upon receipt of funds from CIC.

2. Short-term investment

The short-term investment of $91,730,440 (2007 - $43,241,156) represents a bankers' acceptance purchased 30 March 2008 that will mature on 30 April 2008 with a maturity value of $92,000,000.

3. Deferred financing costs

Deferred financing costs of $5,177,449 (2007 - $2,402,010) consist of a seven percent commission paid to CIC approved financial institutions which market the program and assist investors in the administration of their investments. The marketing and financing fee was paid in connection with 2,408 of the 2,437 immigrant investors at 31 March 2008 (1,136 of the 1,158 immigrant investors at 31 March 2007).

4. Obligations to investors

One of the conditions for the issuance of a visa to immigrants under the Citizenship and Immigration Canada (CIC), Business Immigration Program, is that they must invest $400,000 in Canada for a period of five years. The amount of the investment is allocated to the participating provinces on the first day of the second month following the month payment is received from the investor. $200,000 of the $400,000 is divided equally among the participating provinces while the remaining $200,000 is allocated on the basis of each participating province's gross domestic product as a percentage of the total gross domestic product of all participating provinces. As at 31 March 2008, the Newfoundland and Labrador allocation of funds had been received from 2,437 investors (2007 - 1,158 investors).

These obligations to investors are secured by a non-transferable zero interest promissory note issued by CIC as agent for the Corporation and the guarantee of the Province of Newfoundland and Labrador. The guarantee is to CIC, as agent of the Corporation, who will repay investors. The promissory notes are repayable without interest, in full, five years from the date the funds were allocated to the Province or within 90 days after the receipt of a written request by the investor for repayment of the funds provided that such a request for repayment has been received by the agent before a visa has been issued to the investor. As at 31 March 2008, 32 of the 2,437 investors had not received a permanent resident visa (2007 - 6 of 1,158 investors).

Obligations to investors at 31 March 2008 totalled $97,932,508 (2007 - $44,664,063). Scheduled investment repayment dates are as follows:

31 May 2010	$ 2,504,060
30 June 2010	2,465,536
31 July 2010	3,351,588
31 August 2010	2,889,300
30 September 2010	3,197,492
31 October 2010	2,850,776
30 November 2010	1,964,724
31 December 2010	1,851,312
31 January 2011	1,581,329
28 February 2011	1,658,467
31 March 2011	1,735,605
30 April 2011	2,622,692
31 May 2011	1,581,329
30 June 2011	1,427,053
31 July 2011	1,889,881
31 August 2011	1,928,450
30 September 2011	1,967,019
31 October 2011	1,928,450
30 November 2011	2,082,726
31 December 2011	1,321,138
31 January 2012	815,997
29 February 2012	1,049,139

4. Obligations to investors (cont.)

31 March 2012	1,321,138
30 April 2012	1,631,994
31 May 2012	2,214,849
30 June 2012	3,263,988
31 July 2012	4,934,839
31 August 2012	4,857,125
30 September 2012	6,799,975
31 October 2012	5,466,461
30 November 2012	5,876,337
31 December 2012	5,648,722
31 January 2013	2,731,759
28 February 2013	4,305,993
31 March 2013	4,215,265
	$ 97,932,508

5. Share capital

The Minister of Innovation, Trade and Rural Development holds 100% of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador.

6. Related party transactions

For administrative purposes the Corporation is managed by the Department of Innovation, Trade and Rural Development and short-term investments for cash management purposes are made by the Department of Finance. Expenses related to salaries, accommodations and administration are incurred directly by the departments and no provision is made in these financial statements for these expenses. The amount of these expenses is not material to these financial statements.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investment, interest receivable, accounts payable and accrued liabilities, and obligations to investors. The purpose of the Corporation is to receive capital from immigrant investors and invest the funds for the purpose of creating and continuing employment in Canada to foster the development of a strong viable economy. At 31 March 2008, the Corporation had not invested any of the funds received from immigrant investors into projects.

Fair value

The carrying value of the short-term investment, interest receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the fact that the obligations to investors are guaranteed by the Province and the Corporation pays no interest, the face value of the obligations to investors is their fair value.

7. Financial instruments (cont.)

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuation in interest rates. The Corporation's cash is either invested in highly liquid money market investments or held in a bank account bearing an interest rate based on prime. There is no interest to be paid to investors and therefore, there is no interest rate risk.

8. Economic dependence

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on the actions of both entities.

9. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
30 May 2008

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

BALANCE SHEET

31 March	2008	2007
	(000's)	(000's)
ASSETS		
Current		
Cash	$ 332	$ 223
Accounts receivable	-	50
	332	273
Investments, at cost (Note 2)	33,500	33,950
	$ 33,832	$ 34,223
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 1	$ 1
Long-term debt (Note 3)	29,411	29,411
	29,412	29,412
Surplus	4,420	4,811
	$ 33,832	$ 34,223

See accompanying notes

Signed on behalf of the Board of Directors: ______________ **Chairperson** ______________ **Director**

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
REVENUES		
Lease income (Note 2(c))	$ 50	$ 50
Interest and investment income	10	8
	60	58
EXPENSES		
Write down of investment (Note 2(b))	450	-
Professional services	1	1
	451	1
Excess of revenues over expenses (expenses over revenues)	(391)	57
Surplus, beginning of year	4,811	4,754
Surplus, end of year	$ 4,420	$ 4,811

See accompanying notes

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ (391)	$ 57
Add non-cash item:		
Write down of investment (Note 2 (b))	450	-
	59	57
Changes in non-cash working capital	50	-
Net increase in cash	109	57
Cash, beginning of year	223	166
Cash, end of year	$ 332	$ 223

See accompanying notes

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC's management in accordance with Canadian generally accepted accounting principles.

2. Investments

	2008 **(000's)**	2007 (000's)
Water rights held in Labrador	**$ 30,000**	$ 30,000
Griffiths Guitars International Limited, 43,269 Preference Shares	**-**	450
Icewater Seafoods Inc., 35,000 Preference Shares	**3,500**	3,500
	$ 33,500	$ 33,950

(a) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited had the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares were to be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 2007 but was extended to 24 November 2008. However, subsequent to the year end, the Legislature of the Province passed the *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which extinguished NIDC's water rights to the Lower Churchill River, without any compensation.

2. Investments (cont.)

(b) Griffiths Guitars International Limited

During 2007-08, Griffiths Guitars International Limited was placed in receivership. The Company's assets were sold to a third party, however the proceeds from the sale were insufficient to provide any return on the Company's preference shares. As a result, the Corporation's investment in Griffiths Guitars International Limited, which was valued at $450,000, has been written down to $0.

(c) Icewater Seafoods Inc.

During 2004-05, NIDC was authorized by the Province to provide funding to Icewater Seafoods Inc. in the amount of $3,500,000 by way of a preference share investment in order to assist Icewater Seafoods Inc. in its acquisition of the Arnold's Cove seafood processing facility. These preference shares, having a par value of $100 per share, are non-voting and redeemable with annual, fixed, preferential and cumulative dividends. The Province advanced funding to NIDC for this investment, by way of two $1,750,000 grants. These grants were received in October 2004 and April 2005, with 17,500 preference shares purchased from each grant.

By Agreement dated 8 October 2004, NIDC has acquired for nominal consideration from High Liner Foods Incorporated, the previous operator of the Arnold's Cove seafood processing facility, its Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, as defined by the Agreement.

By separate lease Agreement, also dated 8 October 2004, NIDC leased these Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, to Icewater Seafoods Inc. and Icewater Harvesting Inc. This lease is for a period of twenty years at $50,000 each year and is subject to certain restrictions and conditions contained in the lease agreement.

3. Long-term debt

	2008 **(000's)**	2007 (000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	**$ 29,411**	$ 29,411

This debt was incurred to purchase water rights held in Labrador, valued at $30,000,000 (Note 2(a)). Subsequent to the year end, the Legislature of the Province passed the *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which extinguished NIDC's water rights to the Lower Churchill River, without any compensation. Since there is no prospect of repayment of the long term debt, NIDC will request that the Province approve the write-off of the debt.

4. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

5. Related party transactions

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department. These costs are not material and therefore are not reflected in these financial statements.

6. Financial instruments

NIDC's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

NIDC's long-term financial instruments recognized on the balance sheet consist of long-term debt in the form of non-interest bearing notes payable to the Province with no fixed terms of repayment or maturity dates. The carrying value of the debt approximates fair value to NIDC and is not subject to interest rate risk.

7. Economic dependence

As a result of NIDC's reliance on Provincial funding, its ability to continue viable operations is dependent upon the decisions of the Province.

8. Income taxes

NIDC is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

ASSURANCE AND ADVISORY
BUSINESS SERVICES

ASSURANCE SERVICES

Financial Statements of

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

April 5, 2008

ERNST & YOUNG

AUDITORS' REPORT

To the Board of Directors of
Newfoundland Labrador Liquor Corporation

We have audited the balance sheet of the Newfoundland Labrador Liquor Corporation (the Corporation) as at April 5, 2008 and the statement of earnings, retained earnings and cash flows for the 53 week period then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 5, 2008 and the results of its operations and its cash flows for the fiscal period then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

St. John's, Canada,
May 16, 2008.

Chartered Accountants

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Balance Sheet

(in thousands)

	April 5, 2008	March 31, 2007
ASSETS	**$**	$
CURRENT		
Cash and cash equivalents	**16,028**	28,390
Accounts receivable	**4,757**	3,533
Beer commissions receivable	**5,116**	4,353
Inventories, at cost (Note 5)	**28,741**	26,279
Prepaid expenses	**2,601**	1,724
	57,243	64,279
CAPITAL ASSETS (Note 6)	**16,596**	16,998
INTANGIBLE ASSET (Note 7)	**22**	41
	73,861	81,318
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**19,771**	19,580
Accrued vacation pay	**1,401**	1,166
Current portion of obligation under capital lease (Note 8)	**52**	70
	21,224	20,816
ACCRUED SEVERANCE PAY	**2,428**	2,400
OBLIGATION UNDER CAPITAL LEASE (Note 8)	**-**	52
	23,652	23,268
EQUITY		
Retained earnings	**50,209**	58,050
	73,861	81,318

ON BEHALF OF THE BOARD:

CHAIRMAN OF THE BOARD

DIRECTOR

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Statement of Earnings

(in thousands)

	53 weeks ended April 5, 2008 $	365 days ended March 31, 2007 $
SALES	**168,719**	151,447
COST OF GOODS SOLD		
Inventory, beginning of the year	**26,279**	24,064
Purchases	**73,545**	64,182
Cost of goods available for sale	**99,824**	88,246
Less: inventory, end of the year	**28,741**	26,279
	71,083	61,967
GROSS PROFIT	**97,636**	89,480
COMMISSION REVENUE ON SALE OF BEER	**55,227**	54,071
OTHER INCOME		
Interest	**1,550**	1,728
Miscellaneous	**1,728**	1,310
	3,278	3,038
EARNINGS FROM OPERATIONS	**156,141**	146,589
ADMINISTRATIVE AND OPERATING EXPENSES (Schedule 1)	**38,982**	35,439
NET EARNINGS	**117,159**	111,150

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Statement of Retained Earnings

(in thousands)

	53 weeks ended April 5, 2008	365 days ended March 31, 2007
	$	$
BALANCE, BEGINNING OF YEAR	**58,050**	48,900
NET EARNINGS	**117,159**	111,150
	175,209	160,050
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND LABRADOR	**(125,000)**	(102,000)
BALANCE, END OF YEAR	**50,209**	58,050

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION
Statement of Cash Flows
(in thousands)

	53 weeks ended April 5, 2008	365 days ended March 31, 2007
	$	$
OPERATING ACTIVITIES		
Net earnings	117,159	111,150
Adjustments for:		
Amortization	3,508	3,014
Gain on disposal of capital assets	(605)	(145)
Accrual for vacation pay	235	(59)
Accrual for severance pay	28	120
Net change in non-cash operating working capital	(5,135)	487
	115,190	114,567
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	1,510	267
Purchase of capital assets	(3,992)	(7,510)
	(2,482)	(7,243)
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland and Labrador	(125,000)	(102,000)
Repayment of obligation under capital lease	(70)	(70)
	(125,070)	(102,070)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,362)	5,254
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,390	23,136
CASH AND CASH EQUIVALENTS, END OF YEAR	16,028	28,390

1. DESCRIPTION OF BUSINESS

The Newfoundland Labrador Liquor Corporation (the Corporation) is a Provincial Crown Corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland Labrador.

2. CHANGE IN YEAR END

The Corporation has changed its reporting period from a March 31 fiscal year end to a floating year end to align with its four 13 week reporting periods. The fiscal year end of the Corporation will end on the first Saturday of April each year starting for the period ended April 5, 2008.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents are defined as short term deposits with original maturities of three months or less.

Inventories

Inventory is carried at the lower of average cost and net realizable value.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the capital assets on a straight-line basis as follows:

Leasehold improvements	1 to 20 years
Buildings	20 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years
Store equipment and fixtures	5 years
Motor vehicles	3 years

3. ACCOUNTING POLICIES (Continued)

Intangible asset

The intangible asset consists of a trademark which is recorded at cost and amortized on a straight-line basis over a ten-year period.

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. CHANGE IN ACCOUNTING POLICY

Financial instruments – recognition and measurement

On April 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3855, "Financial Instruments – Recognition and Measurement and Section 3861 "Financial Instruments – Disclosure and Presentation". These sections define the standards for recognizing, measuring, disclosing and presenting financial instruments on the balance sheet and the standards for reporting gains and losses in the financial statements. Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are initially recorded in the balance sheet at fair value. In subsequent periods, loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost; held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net earnings, and available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale, normal purchase exemption. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income (loss).

4. CHANGE IN ACCOUNTING POLICY (Continued)

The Corporation has made the following classifications:

Cash and cash equivalents are classified as held-for-trading financial assets. These assets are measured at fair value and changes in fair value are recognized in consolidated earnings.

Accounts receivable and beer commissions receivable are classified as loans and receivables and are measured at amortized cost, which is generally the amount on initial recognition.

Accounts payables and accrued liabilities, accrued vacation pay, accrued severance pay and obligations under capital lease are classified as other financial liabilities and are measured at amortized cost, which is generally the amount on initial recognition.

The retroactive adoption of this section is completed without restatement of the financial statements of prior periods. The adoption of Section 3855 and 3861 did not have a material impact on the financial statements of the Corporation.

5. INVENTORIES

	April 5, 2008	March 31, 2007
	$	$
Head office	14,047	12,245
Branch stores	8,694	8,680
Stock in transit	4,357	3,940
Raw materials	1,643	1,392
Work in progress	-	22
	28,741	26,279

6. CAPITAL ASSETS

	April 5, 2008			March 31, 2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	1,115	-	1,115	1,314
Leasehold improvements	12,152	6,064	6,088	3,916
Buildings	5,582	2,850	2,732	3,103
Office furniture and equipment	7,173	4,051	3,122	3,821
Plant and warehouse equipment	3,726	1,463	2,263	3,532
Store equipment and fixtures	3,208	1,939	1,269	1,296
Motor vehicles	25	18	7	16
	32,981	16,385	16,596	16,998

During the year, the Corporation acquired capital assets in the amount of $4.0 million (2007 - $7.5 million).

7. INTANGIBLE ASSET

	April 5, 2008			March 31, 2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Trademark	**203**	**181**	**22**	41

8. OBLIGATION UNDER CAPITAL LEASE

	April 5, 2008	March 31, 2007
	$	$
IBM Canada Limited, capital equipment lease repayable in monthly instalments of $6,132 to December 31, 2008	**55**	129
Less: interest on obligation	**3**	7
	52	122
Less: current portion	**52**	70
	-	52

9. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	$
2009	**1,384**
2010	**1,139**
2011	**1,065**
2012	**801**
2013	**467**
	4,856

10. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

11. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is $1.2 million (2007 - $1.1 million).

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current presentation.

SCHEDULE 1

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION
Schedule of Administrative and Operating Expenses
(in thousands)

	53 weeks ended April 5, 2008	365 days ended March 31, 2007
	$	$
Salaries and employee benefits	**20,685**	18,970
Express store commission and expenses	**4,695**	4,425
Amortization	**3,508**	3,014
Rent and municipal taxes	**1,773**	1,637
Marketing	**1,389**	1,236
Interest and bank charges	**1,047**	892
Other	**5,885**	5,265
	38,982	35,439

NEWFOUNDLAND AND LABRADOR
MUNICIPAL FINANCING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 June 2008

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

BALANCE SHEET

31 March	2008	2007
	(000's)	(000's)
ASSETS		
Current		
Cash and term deposits	$ -	$ 1,742
Investment - coupons (at cost)	1,709	2,410
- earned interest receivable	2,111	2,852
Accounts receivable	5,748	5,235
Accrued interest receivable	1,518	2,019
Current portion of loans receivable (Note 2)	26,659	28,542
	37,745	42,800
Long-term investment - coupons	2,429	4,138
Long-term loans receivable (Note 2)	130,529	157,160
Deferred charges (Note 3)	397	531
	$ 171,100	$ 204,629
LIABILITIES AND SURPLUS		
Current		
Bank indebtedness	$ 12,586	$ -
Accounts payable and accrued liabilities	78	78
Accrued interest payable	1,957	2,805
Current portion of debenture debt (Note 4)	31,218	46,165
Current portion of deferred revenue (Note 5)	115	181
	45,954	49,229
Long-term debenture debt (Note 4)	119,410	151,589
Deferred revenue (Note 5)	120	235
Reserve fund (Note 6)	1,770	1,770
	167,254	202,823
Surplus	3,846	1,806
	$ 171,100	$ 204,629

See accompanying notes

Signed on behalf of the Board of Directors:

Chairperson **Director**

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
REVENUES		
Interest on loans to municipal corporations	**$ 13,510**	$ 16,086
Sinking fund income	**661**	628
Short-term interest	**391**	560
Amortization of deferred revenue:		
Prepayment penalties	**181**	270
	14,743	17,544
EXPENSES		
Administrative and miscellaneous	**180**	185
Amortization of deferred charges:		
Issue expenses on debenture debt	**98**	117
Premiums and discounts on debenture debt	**36**	44
Interest on long-term debt	**11,927**	15,246
Interest - other	**462**	33
	12,703	15,625
Excess of revenues over expenses	**2,040**	1,919
Surplus (deficit), beginning of year	**1,806**	(113)
Surplus, end of year	**$ 3,846**	$ 1,806

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	$ 2,040	$ 1,919
Add (deduct) non-cash items:		
Sinking fund income	(661)	(628)
Amortization of prepayment penalties	(181)	(270)
Accrued interest income on coupons	(326)	(425)
Amortization of issue expenses on debenture debt	98	117
Amortization of premiums and discounts on debenture debt	36	44
	1,006	757
Change in non-cash working capital	(860)	(484)
	146	273
Cash flows from financing activities		
Retirement of debentures	(46,165)	(35,098)
Sinking fund payments	(300)	(300)
	(46,465)	(35,398)
Cash flows from investing activities		
Investment - coupons redeemed	3,477	4,660
Loan payments received from municipal corporations	28,514	31,205
	31,991	35,865
Increase (decrease) in cash and term deposits	(14,328)	740
Cash and term deposits, beginning of year	1,742	1,002
Cash and term deposits (bank indebtedness), end of year	$ (12,586)	$ 1,742

See accompanying notes

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation was established to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The Corporation's affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	2008 **(000's)**	2007 (000's)
Loans receivable from municipal corporations	**$ 157,188**	$ 185,702
Less: current portion	**(26,659)**	(28,542)
Long-term portion	**$ 130,529**	$ 157,160

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

Year	Amount (000's)
2009	$26,659
2010	$23,458
2011	$20,572
2012	$18,014
2013	$16,722

3. Deferred charges

	2008 (000's)	2007 (000's)
Issue expenses on debenture debt	$ 282	$ 380
Premiums and discounts on debenture debt	115	151
	$ 397	$ 531

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2008 are as follows:

Series	Remaining Term	Interest Rate	Sinking Fund Balance	**2008**	2007	
		%	(000's)	**(000's)**	(000's)	
MFC-21	1 Dec 2008	10.875	$ 11,991	$ **15,000**	$ 15,000	
MFC-22	15 Jun 2008-09	10.500	-	**2,500**	3,750	(a)
MFC-28			-	-	2,666	
MFC-29			-	-	1,000	
MFC-30	20 May 2008	9.125	-	**2,000**	4,000	(b)
MFC-31	1 Dec 2008	8.375	-	**2,333**	4,666	(c)
MFC-32	17 May 2008	9.375	-	**2,000**	8,000	(d)
MFC-34			-	-	10,000	
MFC-36	15 May 2008-10	9.450 - 9.600	-	**3,750**	5,000	(e)
MFC-37	10 Jan 2009-11	8.250 - 8.375	-	**6,000**	8,000	(f)
MFC-38	1 Jun 2008-13	5.750 - 6.000	-	**7,400**	8,600	(g)
MFC-39	16 Dec 2008-13	5.875 - 6.125	-	**7,500**	10,000	(h)
MFC-40	14 Dec 2008-14	6.650 - 6.850	-	**7,400**	9,200	(i)
MFC-41	17 Oct 2008-10	6.450 - 6.500	-	**4,200**	5,600	(j)
MFC-42	5 Apr 2008-11	5.650 - 5.900	-	**7,300**	8,700	(k)
MFC-43	20 Sep 2008-16	5.875 - 6.500	-	**21,200**	24,000	(l)
MFC-44	15 Mar 2009-17	5.500 - 6.125	-	**9,000**	10,000	(m)
MFC-45	26 Mar 2009-13	4.750 - 5.375	-	**18,000**	20,000	(n)
MFC-46	15 Feb 2012	5.200	-	**10,000**	10,000	
MFC-47	17 Mar 2009-19	3.850 - 5.200	-	**13,936**	15,202	(o)
MFC-48	29 Mar 2009-20	3.850 - 5.200	-	**23,100**	25,400	(p)
Total			$ 11,991	**162,619**	208,784	
Less: sinking funds				**(11,991)**	(11,030)	(q)
Net debenture debt				**150,628**	197,754	
Less: current portion				**(31,218)**	(46,165)	
Long-term portion				**$ 119,410**	$ 151,589	

4. Debenture debt (cont)

(a) MFC-22: On 15 June of each year, the Corporation is to redeem $1,250,000 in the years 2008 to 2009 inclusive.

(b) MFC-30: On 20 May 2008, the Corporation is to redeem $2,000,000.

(c) MFC-31: On 1 December 2008, the Corporation is to redeem $2,333,000.

(d) MFC-32: On 17 May 2008, the Corporation is to redeem $2,000,000.

(e) MFC-36: On 15 May of each year, the Corporation is to redeem $1,250,000 in the years 2008 to 2010 inclusive.

(f) MFC-37: On 10 January of each year, the Corporation is to redeem $2,000,000 in the years 2009 to 2011 inclusive.

(g) MFC-38: On 1 June of each year, the Corporation is to redeem $1,200,000 in the years 2008 to 2009 inclusive and $1,250,000 in the year 2010 to 2013 inclusive.

(h) MFC-39: On 16 December of each year, the Corporation is to redeem $2,500,000 in the year 2008 and $1,000,000 in the years 2009 to 2013 inclusive.

(i) MFC-40: On 14 December of each year, the Corporation is to redeem $1,200,000 in the years 2008 to 2009 inclusive and $1,000,000 in the years 2010 to 2014 inclusive.

(j) MFC-41: On 17 October of each year, the Corporation is to redeem $1,600,000 in the years 2008 to 2009 inclusive and $1,000,000 in the year 2010.

(k) MFC-42: On 5 April of each year, the Corporation is to redeem $1,500,000 in the year 2008, $1,600,000 in the year 2009, $1,700,000 in the year 2010 and $2,500,000 in the year 2011.

(l) MFC-43: On 20 September of each year, the Corporation is to redeem $2,800,000 in the years 2008 to 2011 inclusive and $2,000,000 in the years 2012 to 2016 inclusive.

(m) MFC-44: On 15 March of each year, the Corporation is to redeem $1,000,000 in the years 2009 to 2017 inclusive.

(n) MFC-45: On 26 March of each year, the Corporation is to redeem $2,000,000 in the years 2009 to 2012 inclusive and $10,000,000 in the year 2013.

(o) MFC-47: On 17 March of each year, the Corporation is to redeem $1,276,000 in the year 2009 and $1,266,000 in the years 2010 to 2019 inclusive.

4. Debenture debt (cont)

(p) MFC-48: On 29 March of each year, the Corporation is to redeem $2,300,000 in the years 2009 to 2015 inclusive and $1,400,000 in the years 2016 to 2020 inclusive.

(q) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province.

Estimated debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Debenture Maturities (000's)
2009	$31,218
2010	$20,466
2011	$18,566
2012	$25,116
2013	$19,816

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	2008 **(000's)**	2007 (000's)
Deferred revenue	**$ 235**	$ 416
Less: current portion	**(115)**	(181)
Long-term portion	**$ 120**	$ 235

6. Reserve fund

The Province has historically funded a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation. There has been no funding of the reserve nor allocation to municipalities since March 2006. The year end reserve fund balance is as follows:

	2008 **(000's)**	2007 (000's)
Reserve fund balance	**$ 1,770**	$ 1,770

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of short-term investments, accounts receivable, accrued interest receivable, bank indebtedness, accounts payable and accrued liabilities, and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term loans receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt is used to finance loans to the Province's various municipalities. The rates charged by the Corporation to these municipalities is calculated using the rates the Corporation is required to pay on its related debenture debt plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2008, this guarantee covered net debenture debt and accrued interest totalling $152,585,000 (2007 - $200,559,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs of these employees are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

The Corporation is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

11. Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in 2008.

12. Going concern

The Province of Newfoundland and Labrador has decided that it will no longer refinance its portion of completed municipal capital projects through the Corporation. As a result, the Corporation will be winding up its operations over the coming years as it collects its loans receivable and repays its debenture debt.

NEWFOUNDLAND AND LABRADOR
STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION

FINANCIAL STATEMENTS

30 APRIL 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Student
Investment and Opportunity Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 30 April 2008 and the statement of revenues, expenses and surplus for the thirteen month period then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 30 April 2008 and the results of its operations for the thirteen month period then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
14 August 2008

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

BALANCE SHEET

30 April 2008

(with comparative figures as at 31 March 2007)

	30 April 2008	31 March 2007
ASSETS		
Current		
Cash	$ -	$ 2,631,414
Accounts receivable	-	8,667
Due from Province – operating grant	-	7,591
	$ -	$ 2,647,672
LIABILITIES AND EQUITY		
Current		
Accounts payable	$ -	$ 274,195
Equity		
Share capital (Note 3)	-	-
Equity	-	2,373,477
	$ -	$ 2,647,672

Commitments (Note 4)

See accompanying notes

Signed on behalf of the Board: ______________ **Chairperson** ______________ **Member**

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the thirteen month period ended 30 April 2008
(with comparative figures for the year ended 31 March 2007)

	2008	2007
REVENUES		
Grants from the Province of Newfoundland and Labrador	$ 7,385,372	$ 6,474,000
Investment income	118,625	98,334
Recovery of unused tuition vouchers	-	4,000
	7,503,997	6,576,334
EXPENSES		
Administration (Note 5)	118,841	20,941
Programs:		
Graduate Employment Program	1,466,680	1,043,128
Student Works and Services Program (SWASP) – Paid Employment	1,413,238	1,420,314
Grants to Youth Organizations	859,400	444,271
Small Enterprise Co-op Placement Assistance Program	630,000	650,000
Student Employment Program (High School Students)	578,589	547,793
Newfoundland and Labrador Conservation Corps	525,000	500,000
Student Works and Services Program – Community Service	427,588	372,265
Student Works and Services Program – Post Secondary	375,600	360,000
Tutoring/Work Experience	234,140	216,942
Faculty of Education Co-op Program	150,000	150,000
Year Round SWASP	115,445	213,396
Marine Co-op	100,000	-
Student Summer Support	82,752	74,780
Above and Beyond SWASP	79,292	80,000
Newfoundland and Labrador Youth Advisory Program	61,498	58,062
Tutoring for Tuition Program	44,054	39,478
Marine Camp Program	36,000	19,967
Rural Practice Work Experience for Medical Students Program	19,945	18,960
Expired Voucher Account	16,479	-
Social Worker Recruitment Program	5,219	40,394
Youth Opportunities Program	-	100,000
	7,339,760	6,370,691
Excess of revenues over expenses	164,237	205,643
Surplus, beginning of period	2,373,477	2,167,834
	2,537,714	2,373,477
Surplus, transferred to the Province (Note 2)	2,537,714	-
Surplus, end of period	$ -	$ 2,373,477

Authority

The Newfoundland and Labrador Student Investment and Opportunity Corporation (the Corporation) was incorporated on 29 March 2001 under *The Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the only issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Minister of Human Resources, Labour and Employment. All of the Board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to hold funds and direct expenditures for programs aimed at providing employment experience for students and to assist them in earning money towards their post-secondary education.

As directed by Government, the Department of Human Resources, Labour and Employment assumed responsibility for continuing to administer the programs offered by the Corporation and instructed the Board to dissolve the Corporation. In April 2008, the Board changed its fiscal year end from 31 March 2008 to 30 April 2008. As a result, these financial statements represent the Corporation's final financial position and results of operations.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent.

2. Cessation of Business

On 29 January 2008, approval was given by Government to dissolve the Newfoundland and Labrador Student Investment and Opportunity Corporation and to have the Department of Human Resources, Labour and Employment assume the responsibility of continuing to administer the programs currently offered by the Corporation. As a result, the net assets of the Corporation totalling $2,537,714 and consisting of cash of $2,766,271 and accounts payable of $228,557 were transferred to the Province. On 29 April 2008, the Board of Management approved the extension of the Corporation's fiscal year end to 30 April 2008 to allow for the windup of the Corporation.

3. Share capital

Share capital consists of:

Authorized
One no par value share

Issued and Outstanding
One no par value share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Human Resources, Labour and Employment holds the only issued share of the Corporation on behalf of the Province. As part of the dissolution process this share will be cancelled.

4. Commitments

As at 30 April 2008, all agreements which the Corporation previously entered into have been transferred to the Department of Human Resources, Labour and Employment. As at 30 April 2008 the Corporation had $1,336,845 in commitment carryover, for which the Province now assumes responsibility. The commitments of the Corporation as of 31 March 2007 were $1,087,403.

5. Related party transactions

The Corporation was administered by employees of the Department of Human Resources, Labour and Employment and the Department of Finance. Programs funded by the Corporation were primarily managed by the Department of Human Resources, Labour and Employment. Costs of administration of $118,841 (2007 - $20,941) were paid directly by the departments and were reimbursed by the Corporation, except for salary costs of $87,914 (2007- $99,736) which were not reimbursed.

As at 30 April 2008, the Corporation was owed $nil (31 March 2007 - $7,591) by the Province of Newfoundland and Labrador relating to its approved operating grant.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2008

AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2008 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2008 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

Clarenville, Newfoundland
June 14, 2008

NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2008

Assets

	2008	2007
Current assets:		
Cash and term deposits	$ 122,296	125,293
Harmonized sales tax receivable	487	238
Total current assets	$ 122,783	125,531

Liabilities and Shareholders' Equity

	2008	2007
Current liabilities:		
Payables and accruals	$ 1,500	1,500
Total current liabilities	1,500	1,500
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	95,983	98,731
Total shareholders' equity	121,283	124,031
	$ 122,783	125,531

See Accompanying Notes

Approved: Cathy Duke Director

Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2008

	2008	2007
Revenue	$ --	--
Administrative expenses:		
Bank charges	12	6
Professional and consulting fees	1,775	1,700
Licences and fees	961	--
	2,748	1,706
Net loss	(2,748)	(1,706)
Retained earnings, beginning of year	98,731	100,437
Retained earnings, end of year	$ 95,983	98,731

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows

Year ended March 31, 2008

	2008	2007
Cash provided by operating activities:		
Net loss	$ (2,748)	(1,706)
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	(249)	(238)
Decrease in cash	(2,997)	(1,944)
Cash, beginning of year	125,293	127,237
Cash, end of year	$ 122,296	125,293

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2008

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

GrantThorton

Consolidated Financial Statements

Newfoundland Ocean Enterprises Limited

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

T (709) 722-5960
F (709) 722-7892
www.GrantThornton.ca

To the Shareholders of

Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of Newfoundland Ocean Enterprises Limited at March 31, 2008 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 2, 2008

Chartered Accountants

Newfoundland Ocean Enterprises Limited

Consolidated Statements of Loss and Deficit

Year Ended March 31	2008	2007
Revenue		
Recoveries and sundry	$ 2,700	$ 1,948
Service charge refund	-	21,927
	2,700	23,875
Expenses		
Interest	81	3,478
Other costs	4,375	3,297
	4,456	6,775
Net (loss) earnings	$ (1,756)	$ 17,100

	2008	2007
Deficit, beginning of year	$ (90,744,386)	$ (90,761,486)
Net (loss) earnings	(1,756)	17,100
Deficit, end of year	$ (90,746,142)	$ (90,744,386)

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Balance Sheet

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 72,401	$ 72,485
Liabilities		
Current		
Payables and accruals	$ 15,543	$ 13,871
Shareholders' Equity		
Capital stock (Note 3)	3,000	3,000
Contributed surplus (Note 4)	90,800,000	90,800,000
Deficit	(90,746,142)	(90,744,386)
	56,858	58,614
	$ 72,401	$ 72,485

On behalf of the Board

Cathy Duke Director

Director

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Statement of Cash Flows

Year Ended March 31	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Net (loss) earnings	$ (1,756)	$ 17,100
Change in non-cash operating working capital	1,672	(57)
	(84)	17,043
Net (decrease) increase in cash and cash equivalents	(84)	17,043
Cash and cash equivalents		
Beginning of year	72,485	55,442
End of year	$ 72,401	$ 72,485

See accompanying notes to the consolidated financial statements.

1. Operations

The Company ceased active operations on January 1, 1998.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the company's year ended March 31, 2008.

2. **Summary of significant accounting policies** (cont'd.)

(ii) Financial instruments - Recognition and Measurement

On April 1, 2007, the Company implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation".

CICA Section 3855, "Financial Instruments - Recognition and Measurement", requires the company to revalue all of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the company to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the company's financial assets and liabilities are classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

2. Summary of significant accounting policies (cont'd.)

The fair value of a financial instrument is the estimated amount that the company would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair values of cash approximated its carrying value.

There were no adjustments to the financial statements required as a result of the adoption of the above noted financial instruments policies.

Future changes in accounting policies

(i) Financial Instruments - Disclosure and Presentation

CICA Section 3862 "Financial Instruments - Disclosure" and CICA Section 3863 "Financial Instruments -Presentation" replaces CICA Section 3861, "Financial Instruments - Disclosure and Presentation". CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. Theses standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

3. Capital stock

	2008	2007
Authorized		
An unlimited number of common shares of no par value		
Issued		
3 shares	$ 3,000	$ 3,000

4. Contributed surplus

In 2005, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of $5,400,000 to retire the operating loan.

In 1999, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of $85,400,000 to retire the bankers' acceptances and certain other debt.

NEWVEST REALTY CORPORATION

FINANCIAL STATEMENTS

31 DECEMBER 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Shareholder
Newvest Realty Corporation

I have audited the balance sheet of Newvest Realty Corporation as at 31 December 2007 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all materials respects, the financial position of the Corporation as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 April 2008

NEWVEST REALTY CORPORATION
BALANCE SHEET

31 December	2007	2006
	(000's)	(000's)
ASSETS		
Income producing properties (Note 2)	$ 149,307	$ 155,870
Deferred charges (Note 3)	4,521	3,459
Prepaid expenses	202	318
Accounts receivable	633	896
Cash and short-term investments	7,724	3,776
	$ 162,387	$ 164,319
LIABILITIES AND EQUITY		
Mortgages payable (Note 4)	$ 71,384	$ 77,491
Accounts payable and accrued liabilities	6,218	4,728
Dividends payable (Note 5)	1,600	-
	79,202	82,219
Shareholder's equity		
Share capital (Note 6)	68,941	73,290
Retained earnings	14,244	8,810
	83,185	82,100
	$ 162,387	$ 164,319
Equity per share (Note 6)	$ 12.07	$ 11.20

See accompanying notes

Signed on behalf of the Board:

Chairperson **Director**

NEWVEST REALTY CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended 31 December	2007	2006
	(000's)	(000's)
Income		
Rents and parking	$ 14,425	$ 14,003
Expense recoveries from tenants	4,809	4,053
Recovery on sale of property (Note 2)	2,449	-
Investment and other income	172	76
	21,855	18,132
Less: Operating expenses (Note 7)	7,132	6,788
Operating income	14,723	11,344
Other expenses		
Administrative costs	180	130
Amortization of deferred charges	863	706
Asset management fees	526	479
Mortgage interest	4,157	4,174
Participation fee (Note 8)	1,963	1,229
Write down of income producing properties (Note 2)	-	3,307
	7,689	10,025
Net income for the year	7,034	1,319
Retained earnings, beginning of year	8,810	7,491
Dividends (Note 5)	(1,600)	-
Retained earnings, end of year	$ 14,244	$ 8,810

See accompanying notes

NEWVEST REALTY CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 December

	2007	2006
	(000's)	(000's)
Cash flows from operating activities		
Net income for the year	$ 7,034	$ 1,319
Items not affecting cash		
Amortization of deferred charges	863	706
Write down of income producing properties (Note 2)	-	3,307
Changes in non-cash working capital		
Accounts receivable	263	(491)
Prepaid expenses	116	15
Accounts payable and accrued liabilities	1,490	2,241
	9,766	7,097
Cash flows from investing activities		
Additions to income producing properties	(3,137)	(11,090)
Disposal of income producing property (Note 2)	9,700	-
	6,563	(11,090)
Cash flows from financing activities		
Deferred charges	(1,925)	(1,299)
Mortgage advances	1,975	4,456
Mortgage principal repayments	(8,082)	(1,783)
Dividends (Note 5)	-	(568)
Issuance (cancellation) of common shares (Note 6)	(4,349)	4,885
	(12,381)	5,691
Increase in cash and short-term investments during the year	3,948	1,698
Cash and short-term investments, beginning of year	3,776	2,078
Cash and short-term investments, end of year	$ 7,724	$ 3,776

See accompanying notes

Authority

Newvest Realty Corporation was incorporated on 9 August 2001 under the provisions of the *Canada Business Corporations Act*. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. All shares of the Corporation are held by the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). Board members are appointed by the Pension Investment Committee of the Fund. The purpose of the Corporation is to invest monies received from the Fund in Canadian real estate property.

The Corporation has an Investment Services Agreement with Bentall Investment Management Limited Partnership dated 30 June 2001, under which Bentall Investment Management Limited Partnership is responsible for the acquisition, disposal, leasing and management of real estate properties and performance of all administrative functions on behalf of the Corporation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Cash and short-term investments represent unrestricted cash and highly liquid money-market investments.

(b) Income producing properties held for investment are recorded at the lower of cost or market value. Amortization is not recorded on properties as it is not considered meaningful when the objective of the business is to acquire, develop and hold property for eventual sale. The Corporation capitalizes all direct costs relating to the acquisition of all properties. Leasing costs are capitalized and amortized on a straight-line basis over the term of the respective lease.

(c) The Corporation accounts for its investments in co-ownerships on a proportionate consolidation basis whereby the Corporation includes its pro-rata share of the assets, liabilities, revenue and expenses of the co-ownerships on a line-by-line basis. (See Note 9).

(d) Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Rental revenue with respect to rents from tenants under leases is recognized on a straight-line basis over the term of the lease.

(e) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results may differ from these estimates.

(f) The Corporation defers and amortizes financing costs over the term of the related mortgages.

2. Income producing properties

For investment information purposes all properties are presented below at both cost and appraised values. Appraised values are in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership.

		2007		2006	
		Cost or Value (000's)	**Appraised Value (000's)**	Cost or Value (000's)	Appraised Value (000's)
(a)	Bayview Chateau and White Rock Gardens, White Rock, British Columbia	**$ 9,854**	**$ 13,710**	$ 9,635	$ 13,140
(b)	Sperling Plaza, Burnaby, British Columbia	**16,151**	**24,100**	16,151	20,450
(c)	440 Eglinton Avenue East, Toronto, Ontario (See calculation of value below)	-	-	9,700	9,700
(d)	2 Silver Maple Court, Brampton, Ontario	**23,786**	**24,100**	23,114	21,820
(e)	Park and Tilford Shopping Centre, North Vancouver, British Columbia	**37,390**	**47,650**	36,812	43,400
(f)	TD Creekside Corporate Centre (50% interest), Mississauga, Ontario	**29,284**	**34,000**	29,284	32,000
(g)	2001 Bantree (50% interest), Ottawa, Ontario	**10,421**	**11,200**	10,420	10,500
(h)	Thunder Centre (50% interest), Thunder Bay, Ontario (See note below)	**15,354**	**16,200**	13,735	13,735
(i)	Centre 5735, Calgary, Alberta	**7,067**	**7,500**	7,019	7,019
		$ 149,307	**$ 178,460**	$ 155,870	$ 171,764

440 Eglinton Avenue East

At 31 December 2006, the value of the property at 440 Eglinton Avenue East was written down from cost of $13,007,000 to appraised value of $9,700,000 because management was of the opinion that the reduction in market value was of a permanent nature. The write down of $3,307,000 was recorded as an expense in the statement of income and retained earnings.

On 10 August 2007, 440 Eglinton Avenue East was sold for more than the 31 December 2006 adjusted value. As a result, a recovery on the sale of the property is recognized in these financial statements.

	000's
440 Eglinton Avenue East - reported value at 31 December 2006	**$ 9,700**
Add: capital additions - 2007	**160**
Reported value at sale - 10 August 2007	**9,860**
Less: proceeds of sale	**(12,309)**
Recovery on sale of property	**$ (2,449)**

2. Income producing properties (cont.)

Thunder Centre

Thunder Centre is a retail property located in Thunder Bay, Ontario in which the Corporation has a 50% interest. At purchase on 1 September 2005, the Corporation acquired 112,173 square feet of retail space with a further 55,845 square feet to be constructed. Development of the Phase II expansion was completed in July 2007. As at 18 April 2008, 6,356 square feet still remained vacant.

In conjunction with the purchase of Thunder Centre certain requirements of the purchase and sale contract required the vendor to make head lease payments to the purchaser for 22 months from the date of sale, 1 September 2005. As at 31 December 2007, there remains an outstanding amount of $151,770 (2006 - $276,659) due from the vendor with respect to these contracted amounts. The vendor is disputing this amount, and therefore a provision for bad debt of $148,563 has been included in these financial statements.

3. Deferred charges

Deferred charges consist of costs incurred, net of accumulated amortization, with respect to obtaining debt financing, leasing and potential acquisitions. Amortization is recorded on a straight line basis over the term of the respective credit facility or over the remaining term of the respective leases to which the costs relate.

	2007			2006
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
	(000's)	(000's)	(000's)	(000's)
Tenant inducements and leasing costs	$ 3,448	$ 1,662	$ 1,786	$ 1,576
Deferred financing costs	430	175	255	409
Deferred recoverable expenditures	1,316	212	1,104	418
Deferred lease revenue	1,376	-	1,376	1,056
	$ 6,570	$ 2,049	$ 4,521	$ 3,459

9. Co-ownerships

The following amounts represent the Corporation's proportionate interest in unincorporated co ownerships. These are included in the amounts presented on the balance sheet and the statement o income and retained earnings.

	2007 (000's)	200 (000's
Assets	**$ 61,600**	$ 54,64
Liabilities	**33,163**	31,43
Income	**5,611**	5,34
Operating expenses	**1,458**	1,11
Mortgage interest	**1,653**	1,65

10. Related party transactions

During the year, charges of $2,936,073 (2006 - $2,186,564) were incurred for services from Bental Investment Management Limited Partnership, a related party. These amounts are incurred in th normal course of business and are measured at the amount of consideration established and agreed t by the related parties.

These amounts are charged in these financial statements to income producing properties, operatin expenses, asset management fees and participation fee.

11. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash and short-tern investments, accounts receivable, accounts payable and accrued liabilities, mortgages payable an dividends payable. The carrying values of these instruments approximate current fair value due t their nature and the terms and conditions associated with them. Interest rates on the mortgage payable are fixed to maturity. Therefore, the carrying values of these long-term financial instrument approximate their fair value and these instruments are not subject to any material interest rate risk.

12. Subsequent events

On 30 April 2008, as per a resolution of the Directors of Newvest Realty Corporation, the Corporation issued 670,000 common shares at $10 per share to fund the purchase of a 75,000 square foot, single tenant building at 4500 Cousen Road, Saint-Laurent, Quebec.

On 8 May 2008, as per a resolution of the Directors of Newvest Realty Corporation, the Corporation issued 203,000 common shares at $10 per share to fund the purchase of a 77,500 square foot industrial property at 4500 Chemin Bois-Franc, Saint-Laurent, Quebec. In addition, the Corporation assumed a mortgage with TD Canada Trust related to the purchase, in the amount of $2,520,000.

13. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NOVA CENTRAL SCHOOL DISTRICT

AUDITORS' REPORT

FINANCIAL STATEMENTS – JUNE 30, 2007

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of the **Nova Central School District**

We have audited the balance sheet of the current and capital funds of the **Nova Central School District** as at June 30, 2007, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2007, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with the basis of accounting and as explained in Note 1 to the financial statements, which is in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

These financial statements, which have not been, were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Board and the Province of Newfoundland and Labrador and may not be appropriate for any other purpose.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

November 9, 2007

Nova Central School District
Balance Sheet
Year ended June 30

	2007	2006
Assets		
Current Assets		
Cash (Supp. Info 1)	$ 1,645,742	$ 5,972
Accounts Receivable (Note 2)	12,246,460	3,649,667
Inventory, at cost	9,968	10,867
Prepaid Expenses (Supp. Info 3)	382,910	345,457
Deposit on Property & Equipment		3,519,942
Total Current Assets	14,285,080	7,531,905
Restricted Cash - Scholarship Contributions	643,510	406,062
Property and Equipment (Sch. 8)	176,174,490	169,084,606
	$ 191,103,080	$ 177,022,573
Liabilities and Board Equity		
Current Liabilities		
Bank indebtedness (Note 3)	$ -	$ 464,761
Accounts Payable and Accruals (Note 4)	12,744,475	15,722,449
Current Maturities (Sch. 9B)	1,401,795	1,107,520
Total Current Liabilities	14,146,270	17,294,730
Scholarship Contributions	643,510	406,062
Long Term Debt (Sch. 9)	8,886,045	6,962,070
Accrued Support Staff Severance	2,654,673	2,612,279
Accrued Teacher Severance	17,340,595	17,162,212
Board Equity		
Investment in Capital Assets (Note 6)	165,886,654	161,015,022
Board Deficiency (Note 8)	(18,454,667)	(28,429,802)
Total Board Equity	147,431,987	132,585,220
Commitments (Note 7)		
	$ 191,103,080	$ 177,022,573

Approved: Thomas Kendell Chairperson

Treasurer

See accompanying notes.

Nova Central School District
Statement of Current Revenues, Expenditures and Board Deficiency

Year Ended June 30	2007	2006
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	$ **113,563,587**	$ 110,737,980
Donations		
Ancillary Services	**56,580**	65,119
Miscellaneous	**1,590,373**	2,077,904
	115,210,540	112,881,003
Current Expenditures		
Administration (Schedule 2)	$ **2,963,083**	$ 2,497,733
Instruction (Schedule 3)	**89,660,418**	88,318,582
Operations and Maintenance (Schedule 4)	**11,946,084**	12,215,840
Pupil Transportation (Schedule 5)	**10,287,891**	9,235,806
Ancillary Services (Schedule 6)	**-**	-
Interest Expense (Schedule 9C)	**33,471**	16,947
Miscellaneous Expenses (Schedule 7)	**-**	-
	114,890,947	112,284,908

23 111

Excess (Deficiency) of Revenue over Expenditure Before Teacher Severance, Summer Pay and Transfer to Capital	$ **319,593**	$ 596,095
Teacher Severance	**(178,383)**	413,881
Teacher Summer Pay	**9,833,925**	251,658
Transfer to Capital	**-**	-
Net Increase (Decrease) in Board Equity	$ **9,975,135**	$ 1,261,634
Board Deficit, beginning of period	**(28,429,802)**	(29,691,436)
Board Deficit, end of period	**(18,454,667)**	(28,429,802)

See accompanying notes.

Nova Central School District
Statement of Changes in Capital Fund

Year ended June 30		2007	2006
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction	$ -	$ 442,650
012	Equipment	-	-
013	Service Vehicles	45,650	
014	Pupil Transportation	3,519,797	3,105,081
015	Other - Energy Performance Contracting	-	-
		-	
72	Department of Education Grants	-	
011	School Construction and Equipment	6,137,157	3,811,068
012	Other	226,643	133,750
		-	
73	Donations	-	
011	Cash Receipts	-	-
012	Non-Cash Receipts	-	-
013	Restricted Use	-	-
		-	
74	Sale of Capital Assets Proceeds	-	
011	Land	-	10,002
012	Buildings	151,175	-
013	Equipment	-	-
014	Service Vehicles	1,741	639
015	Pupil Transportation Vehicles	805	27,536
016	Other	-	
		-	
75	Other Capital Revenues	-	
011	Interest on Capital Fund Investments	-	
012	Premiums on Debentures	-	
013	Recoveries of Expenditures	168,306	86,810
015	Insurance Proceeds	-	15,576
017	Miscellaneous	-	
Total Capital Receipts			
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund		-
		$ 10,251,274	$ 7,633,112

See accompanying notes.

Nova Central School District
Statement of Changes in Capital Fund (cont'd)

Year ended June 30		2007	2006
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and Sites	$ 79,817	$ 617,542
012	Building	5,917,177	3,259,021
013	Furniture and Equipment - School	234,392	392,810
014	Furniture and Equipment - Other	244,678	127,146
015	Services Vehicles	76,173	34,337
016	Pupil Transportation	3,519,942	3,105,081
017	Other		
82	Principal Repayment of Loans		
011	School Construction	162,305	88,530
012	Equipment		
013	Services Vehicles	16,790	8,645
014	Other		
83	Miscellaneous Disbursements		
013	Other		
Total Capital Disbursements		$ 10,251,274	$ 7,633,112

See accompanying notes.

Nova Central School District
Notes to the Financial Statements

June 30, 2007

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

a) Grants received by the Board from the Department of Education are recorded in either the current or capital funds depending on the project.

b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.

c) The Board does not calculate or record depreciation on any of its fixed assets.

d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of $1,428,199 has been paid during the 2006-07 fiscal period and is included in employee benefits for teachers.

			2007
2.	**Accounts Receivable**		
		Current	
11	131	Provincial Government Grant	$ 10,488,595
	132	Transportation	556,682
	133	Federal Government	332,522
	134	School Taxes	
	136	Other School Boards	
	137	Rent	
	138	Interest	-
	139	Travel Advances and Misc.	529,415
		Capital	
11	231	Department of Education-Capital Grants	339,246
	233	Local Contributions	
	234	Other School Boards	
	235	Other	
			12,246,460
		Less: Allowance for uncollectible Government grants	
			$ 12,246,460

3.	**Bank Indebtedness - Current**		
21	131	On Operating Credit	
	132	On Current Account	
			$ -

4. Accounts Payable and Accruals

				2007
		Current		
21	111	Trade Payables		$ 590,020
	112	Accrued	- Liabilities	259,545
	113		- Interest	7,556
	114		- Wages	819,019
	115	Payroll Deductions		32,743
	116	Retail Sales Tax		
	117	Deferred Grants		356,273
	119	Summer Pay	- Teacher	10,086,802
	122	Department of Education		87,987
		Capital		
21	211	Trade Payables		
	212	Accrued	- Liabilities	
	213		- Interest	
	217	Deferred Grants		504,530
	218	Other		-
				$ 12,744,475

5. Reserve Account - Capital

Description:

Balance, beginning of period	$ -
Less: Transfer to Capital Fund	
	-
Add: Transfer from Board Equity	
Balance, end of period	$ -

	2007
5A. Reserve Account - Current	
Description:	
Balance, beginning of period	$ -
Less: Current Expenditures	
Add: Transfer from Board Equity	
Balance, end of period	$ -

6. Investment in Capital Assets

			2007
Balance, June 30, 2006			$ 161,015,022
Transfer of Operating Funds to Capital Fund			-
Transfer from Reserve			-
Grants	- Department of Education-Capital Projects	6,137,157	
	- Other	226,643	6,363,800
Proceeds from Sale of Capital Assets	- Buildings	151,175	
	- Vehicles	1,741	
	- Buses	805	153,721
Recoveries of Expenditures			168,302
Insurance Proceeds			-
			167,700,845
Deduct Adjustments:			
Cost of Assets Sold	- Buildings	2,718,495	
	- Buses	183,358	
	- Service Vehicles-Mtce	49,229	
	- Service Vehicles-Bussing	31,212	2,982,294
			164,718,551
Add Adjustments:			
Other - Pupil transportation loan payments made by current fund		998,125	
Energy Performance loan payments made by current fund		169,978	1,168,103
23 221 Investment in Capital Assets, end of period			$ 165,886,654

7. Commitments

At the Balance Sheet date, the District had the following commitments:

The District has entered into lease agreements with estimated future payments for the next five years as follows.

2008 - $183,436
2009 - $145,653
2010 - $138,623
2011 - $77,661
2012 - $77,661

8. Board Deficiency

Opening Board Deficiency, June 30, 2006	(28,429,802)
Net increase(decrease) in Board Equity (Page 3)	9,975,135
Board Deficiency, June 30, 2007	$ (18,454,667)

9. Department of Education Receivables and Payables

As at June 30, 2007 the Board has recorded the following receivables from the Province of Newfoundland & Labrador - Department of Education.

Accounts Receivable - Current

Amounts due re:	Teacher Summer Pay	10,086,802
Amounts due re:	School Operations	401,793
Amounts due re:	Insurance - Carmanville/Eastport	228,735
Amounts due re:	Transportation	556,682
Amounts due re:	Miscellaneous	633,202
		$ 11,907,214

Accounts Receivable - Capital

Amounts due re:	School Construction	339,246
		$ 339,246

Accounts Payable

Amounts due re:	Other	87,987
Amounts due re:	Teachers Payroll	
		$ 87,987

Nova Central School District
Current Revenues

Schedule 1

Year Ended June 30		2007	2006
Current Revenues			
31 010	Local Taxation		
011	School Taxes		
32 010	Provincial Government Grants		
011	Regular Operating Grants	$ 18,703,773	$ 17,414,551
012	Special Grants (Details on bottom of Schedule 1)	464,447	520,644
013	Payroll Tax	1,437,412	1,401,406
	Salaries and Benefits		
017	Directors and Assistant Directors	766,024	718,650
021	Regular Teachers	77,283,651	77,126,686
021	Student Assistants	1,978,340	1,990,130
022	Substitute Teachers	2,935,899	2,565,702
030	Pupil Transportation		
031	Board Owned	8,745,964	7,774,533
032	Contracted	890,665	785,150
033	Special Needs	357,412	363,444
034	Other - GST On Contracts	-	77,084
		113,563,587	110,737,980
33 010	Donations		
012	Cash Receipts	-	-
013	Non Cash Receipts	-	-
014	Restricted Use	-	-
34 010	Ancillary Services		
011	Revenue from Rental of Residences		
015	Interest on Schools		
021	Revenues from Rental of Schools and Facilities (Net)	6,476	11,015
022	Internally Generated Funds - Snow Clearing and Other Incentives	50,104	54,104
031	Cafeterias		
032	Other		
		56,580	65,119

Nova Central School District
Current Revenues

Year Ended June 30			2007	2006
Current Revenues				
35	010	Miscellaneous		
	011	Interest on Investments	**70,630**	61,406
	012	Bus Charters		
		Regular	**271,361**	129,917
		Lunch Hour Runs		101,065
	015	Institutes		
	021	Recoveries of Expenditures	**693,735**	1,174,478
	022	MUN Grant		
		Internship Program		
		STEMNET		
		Intensive French		
	031	Revenues from Other School Boards		
	051	Insurance Proceeds	**65,787**	394,231
	061	Bilingual Education Revenue		
	071	Operating Revenues from Native Peoples Grant		
	081	Miscellaneous Federal Grant		36,879
	091	Textbooks	**172,261**	134,286
	092	Sundry	**316,599**	45,642
			1,590,373	2,077,904
36	011	Transfer from Capital		
		Total Current Revenues	**$ 115,210,540**	$ 112,881,003

Nova Central School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30	2007	2006
Special Grants		
French Monitor	35,386	41,011
French - Immersion		23,225
French Teacher Aide	33,163	38,221
French Enrichment		41,927
CFT Teacher TP - French	3,737	13,066
CFT Administration TP - French	4,794	18,405
French - Teaching Math	3,281	
French - Integrating Technology	1,725	
French Second Language - Learning		22,680
French - ICF Implementation	6,776	
French - ICF Follow up	7,368	
Core French		32,897
French - ICF Schools	14,250	
French - Recruitment and Training	1,632	
French Camps	135,605	
Active Living		28,761
Textbook 8% Reimbursement		4,077
Textbook Replacement Savings		12,619
Water Delivery		51,815
Kinderstart	18,250	21,871
Strategic Planning - Bussing Pilot		3,947
Strategic Planning - Speech		157
Strategic Planning - Moving Forward		1,619
Tutoring/Work Experience	21,608	15,197
Tutoring/Work Experience - CDLI		21,407
Leadership at Work		2,855
CDLI	45,315	5,214
Fine Arts	5,128	43,098
Positive Behaviours	8,070	
Cultural Connections - PD	114,500	
Read With Me	2,225	12,464
Math Mentors		6,625
School Board Elections		47,228
Miscellaneous	1,634	10,258
	$ 464,447	$ 520,644

Nova Central School District
Administration Expenditures

Schedule 2

Year Ended June 30			2007		2006
51	011	Salaries and Benefits - Director and Assistant Directors	$ 766,024		$ 718,650
	012	Salaries and Benefits - Board Office Personnel	1,287,786		975,819
	013	Office Supplies	59,527		67,731
	014	Replacement Furniture and Equipment	49,263		72,920
	015	Postage	42,861		42,897
	016	Telephone	64,161		76,123
	017	Office Equipment Rentals and Repairs	34,123		28,833
	018	Bank Charges			
	019	Electricity	100,252		60,517
	021	Fuel	35,028		
	022	Insurance	10,779		1,810
	023	Repairs and Maintenance (Office Building)	39,756		34,336
	024	Travel	85,971		84,741
	025	Board Meeting Expenses	98,686		68,992
	026	Election Expenses			44,848
	027	Professional Fees	84,076		46,830
	028	Advertising	79,447		48,672
	029	Membership Dues	27,402		60,677
	031	Municipal Taxes	24,961		13,436
	034	Miscellaneous	50,353		29,660
	035	Payroll Tax	22,627		20,241
Total Administration Expenditures			$ 2,963,083		$ 2,497,733

Nova Central School District
Instruction Expenditures

Schedule 3

		Year Ended June 30	2007	2006
52	010	Instructional Salaries (Gross)		
	011	Teachers' Salaries - Regular	$ 64,533,545	$ 65,183,166
	012	- Substitute	2,921,388	2,511,210
	013	- Board Paid	2,187	1,232
	013	- Student Assistants	1,982,456	2,014,645
	014	Augmentation		
	015	Employee Benefits	12,750,105	11,944,523
	016	School Secretaries - Salaries and Benefits	1,923,819	1,888,182
	017	Payroll Tax	1,476,224	1,435,834
	018	IMC Salary	25,904	24,932
			$ 85,615,628	$ 85,003,724
52	040	Instructional Materials		
	041	General Supplies	$ 1,202,726	$ 638,708
	042	Library Resource Materials	53,795	45,254
	043	Teaching Aids	644,627	636,082
	044	Textbooks	171,409	135,588
			$ 2,072,557	$ 1,455,632
52	060	Instructional Furniture and Equipment		
	061	Replacement	$ 489,898	$ 525,254
	062	Rentals and Repairs	241,062	236,070
			$ 730,960	$ 761,324
52	080	Instructional Staff Travel		
	081	Program Co-ordinators	$ 66,782	$ 71,550
	082	Teachers' Travel	258,417	224,080
	083	Inservice and Conferences	190,142	264,553
			$ 515,341	$ 560,183
	090	Other Instructional Costs		
52	091	Postage and Stationary		
	092	Miscellaneous	$ 725,932	$ 537,719
			$ 725,932	$ 537,719
			$ 89,660,418	$ 88,318,582

Nova Central School District

Operations and Maintenance Expenditures - Schools

Schedule 4

Year Ended June 30				2007	2006
53	011	Salaries and Benefits - Janitorial		$ 2,983,133	$ 3,174,068
	012	Salaries and Benefits - Maintenance		1,750,267	1,735,060
	013	Payroll Tax		53,492	64,183
	014	Electricity		3,248,753	3,101,842
	015	Fuel		588,802	615,450
	016	Municipal Service Fees		208,299	170,457
	017	Telephone		419,762	420,014
	018	Vehicle Operating and Travel		130,969	132,649
	019	Janitorial Supplies		281,308	199,464
	021	Janitorial Equipment		7,804	17,440
	022	Repairs and Maintenance	- Building	1,050,250	1,874,145
	023		- Equipment	6,950	7,185
	024	Contracted Services - Janitorial		272,423	264,698
	025	Snow Clearing		428,555	327,306
	027	Other		515,317	111,879
Total Operations and Maintenance Expenditures				$ 11,946,084	$ 12,215,840

Nova Central School District
Pupil Transportation Expenditures

Schedule 5

Year Ended June 30			2007	2006
54	010	Operation and Maintenance of Board Owned Fleet		
	011	Salaries and Benefits - Administration	$ 188,129	$ 152,031
	012	Salaries and Benefits - Drivers and Mechanics	5,031,581	4,678,437
	013	Payroll Tax	104,685	84,994
	014	Debt Repayment - Interest	453,860	269,670
	015	- Principal	998,124	744,286
	016	Bank Charges	-	
	017	Gas and Oil	1,107,940	1,065,961
	018	Licences	110,205	79,897
	019	Insurance	150,579	144,235
	021	Repairs and Maintenance - Fleet	526,401	452,440
	022	- Building	42,140	43,288
	023	Tires and Tubes	63,450	68,164
	024	Heat and Light	70,205	65,126
	025	Municipal Services	4,073	3,228
	026	Snow Clearing	31,457	35,045
	027	Office Supplies	14,573	7,015
	029	Travel	4,078	6,566
	031	Professional Fees	7,044	5,652
	032	Miscellaneous	33,648	65,519
	033	Telephone	87,259	38,574
		Advertising	10,384	
			$ 9,039,815	$ 8,010,128
54	040	Contracted Services		
	041	Regular Transportation	$ 890,665	$ 862,234
	042	Handicapped	$ 357,411	$ 363,444
			1,248,076	1,225,678
Total Pupil Transportation Expenditures			$ 10,287,891	$ 9,235,806

Nova Central School District
Ancillary Services and Miscellaneous Expenses

Year Ended June 30		2007	2006
Ancillary Services			**Schedule 6**
55	Ancillary Services		
011	Operations of Teachers' Residence	$ -	$ -
013	Janitorial		
031	Cafeterias		
032	Other		
		$ -	$ -

Miscellaneous Expenses			**Schedule 7**

The Board has incurred the following miscellaneous expenses:

57 001	Miscellaneous		
		$ -	$ -

Nova Central School District
Details of Property and Equipment

Schedule 8

Year Ended June 30, 2007

	Balance June 30, 2006	Adjustment/ Transfer Current Year	Additions 2007	Disposals 2007	Balance June 30, 2007
Land and Sites					
12 210 Land and Sites					
211 Land and Sites	2,397,998		79,818		2,477,816
12 212 Land Improvements	2,397,998	-	79,818	-	2,477,816
12 220 Buildings					
221 Schools	129,677,945	-	5,640,362	2,718,495	132,599,812
222 Administration	4,050,488		252,407	-	4,302,895
223 Residential					-
224 Recreation					-
225 Other - Maintenance	136,323				136,323
	133,864,756	-	5,892,769	2,718,495	137,039,030
12 230 Furniture & Equipment					
231 Schools	19,071,433		234,392	-	19,305,825
232 Administration	1,534,204	-	244,678		1,778,882
233 Residential					-
234 Recreation					-
235 Other - Maintenance	14,728				14,728
	20,620,365	-	479,070	-	21,099,435
12 240 Vehicles					
241 Service Vehicles	256,417		43,828	49,229	251,016
12 250 Pupil Transportation					
251 Land	60,817				60,817
252 Building	829,293		24,406		853,699
253 Vehicles - Buses	10,789,208		3,519,942	183,358	14,125,792
254 - Service	195,912		32,345	31,212	197,045
255 Equipment	69,840		-		69,840
256 Other	-				-
	11,945,070	-	3,576,693	214,570	15,307,193
12 260 Miscellaneous Capital Assets					
261 Other					-
Total Property & Equipment	$169,084,606	$ -	$10,072,178	$ 2,982,294	$ 176,174,490

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Nova Central School District will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

Nova Central School District
Details of Long Term Debt

Schedule 9

Year Ended June 30, 2007

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador

22 210 Loans Other Than Pupil Transportation

Ref #

211 Bank Loans		
___Repayable $ 15,452 monthly, maturing 2015	$	1,355,983
___Repayable $ 14,755 monthly, maturing 2008		191,815
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 211	$	1,547,798
212 Mortgages		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
___Repayable $______ monthly, maturing		
Total 212		
213 Vehicles		
___Repayable $ 643.70 monthly, maturing 2009		10,122
___Repayable $ 555.10 monthly, maturing 2009		26,663
Total 213		36,785
Subtotal		1,584,583
215 Less: Current Maturities		375,483
Total Loans Other Than Pupil Transportation	$	1,209,100

Nova Central School District
Details of Long Term Debt

Schedule 9 (cont'd)

Year Ended June 30, 2007

22 220 Loans - Pupil Transportation

Ref #		
221 Vehicle Bank Loans		
Prime-1% Repayable $2,677 monthly, maturing 2011	$	123,145
Prime-1% Repayable $1,537 monthly, maturing 2011		81,473
Prime-1% Repayable $3,648 monthly, maturing 2012		218,861
Prime-1% Repayable $6,277 monthly, maturing 2013		458,227
Prime-1% Repayable $1,125 monthly, maturing 2014		100,143
Prime-1% Repayable $2,914 monthly, maturing 2015		271,086
Prime-1% Repayable $3,794 monthly, maturing 2016		424,927
Prime-1% Repayable $1,549 monthly, maturing 2011		61,942
Prime-1% Repayable $2,083 monthly, maturing 2011		97,917
Prime-1% Repayable $5,211 monthly, maturing 2011		244,916
Prime-1% Repayable $2,090 monthly, maturing 2013		150,500
Prime-1% Repayable $2,738 monthly, maturing 2014		229,953
Prime-1% Repayable $2,793 monthly, maturing 2015		259,777
Prime-1% Repayable $1,084 monthly, maturing 2016		120,328
Prime-1% Repayable $ 21,563 monthly, maturing 2017		2,609,131
Prime-1% Repayable $ 24,443 monthly, maturing 2019		3,250,924
Subtotal		8,703,250
223 Less: Current Maturities		1,026,312
Total Loans - Pupil Transportation		7,676,938
Total Long Term Debt		8,886,038

Nova Central School District
Summary of Long Term Debt

Schedule 9A

June 30, 2007

Description	Ref.#	Rate	Balance June 30 2006	Loans Obtained During Period	Principal Repayment for Period	Balance June 30 2007
A) 1. School Construction		Prime - 1%				
2. Restructuring		Prime - 1%	$ 354,120		$ 162,305	$ 191,815
B) Equipment						
C) Service Vehicle			7,925	45,650	16,790	36,785
D) Other - Energy Performance Contracting		Prime - 1%	1,525,961		169,978	1,355,983
E) Pupil Transportation		Prime - 1%	6,181,584	3,519,797	998,124	8,703,257
Total Loans			$ 8,069,590	$ 3,565,447	$ 1,347,197	$ 10,287,840
Less: Current Maturities			1,107,520			1,401,795
Total Loans			$ 6,962,070	$ 3,565,447	$ 1,347,197	$ 8,886,045

Nova Central School District
Schedule of Current Maturities

Schedule 9B

June 30, 2007

Description	2008	2009	2010	2011	2012
A) School Construction	362,483	185,423	185,423	185,423	185,423
B) Equipment					
C) Service Vehicles	13,000	11,000	6,000	6,000	0
D) Other					
E) Pupil Transportation	1,026,312	1,026,312	1,026,312	869,628	825,852
Total	$ 1,401,795	$ 1,222,735	$ 1,217,735	$ 1,061,051	$ 1,011,275

Nova Central School District
Schedule of Interest Expenses

Schedule 9C

Year Ended June 30, 2007	**2007**	2006
Description		
012 Capital		
School Construction Restructuring	**13,884**	7,385
Equipment		
Service Vehicles	**1,191**	
Other		
Pupil Transportation		
Total Capital	**15,075**	7,385
013 Current - Operating Loans	**14,670**	5,224
- Supplier Interest Charges	**3,726**	4,338
Total Current	**18,396**	9,562
Total Interest Expense	**$ 33,471**	$ 16,947

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2007 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 March 2008

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
BALANCE SHEET
31 December

	2007	2006
ASSETS		
Current		
Cash	**$ 270,702**	$ 74,802
Short-term investments, at cost (Note 2)	**1,497,985**	1,348,507
Investment income receivable	**26,494**	17,805
Accounts receivable from private training institutions	**76,176**	72,803
	$ 1,871,357	$ 1,513,917
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	**$ 9,321**	$ 4,843
Surplus	**1,862,036**	1,509,074
	$ 1,871,357	$ 1,513,917

See accompanying notes

Signed on behalf of the Corporation:

Lorelei Dean
Chairperson

Don J. Stapleton
Director

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF REVENUE, EXPENSES AND SURPLUS

For the Year Ended 31 December	2007	2006
REVENUE		
Contributions from private training institutions	$ 300,988	$ 263,395
Investment income	63,313	41,548
Bad debt recovery	-	13,027
	364,301	317,970
EXPENSES		
Board expenses (Note 3)	5,300	12,059
Office expense	3,993	2,965
Professional fees	2,046	1,606
	11,339	16,630
Excess of revenue over expenses	352,962	301,340
Surplus, beginning of year	1,509,074	1,207,734
Surplus, end of year	$ 1,862,036	$ 1,509,074

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF CASH FLOWS

For the Year Ended 31 December	**2007**	**2006**
Cash flows from operating activities		
Excess of revenue over expenses	$ 352,962	$ 301,340
Change in non-cash working capital		
Investment income receivable	(8,689)	(9,411)
Accounts receivable from private training institutions	(3,373)	(558)
Accounts payable and accrued liabilities	4,478	(3,367)
Net increase in cash and cash equivalents	345,378	288,004
Cash and cash equivalents, beginning of year	1,423,309	1,135,305
Cash and cash equivalents, end of year	$ 1,768,687	$ 1,423,309
Cash and cash equivalents include:		
Cash	$ 270,702	$ 74,802
Short-term investments	1,497,985	1,348,507
	$ 1,768,687	$ 1,423,309

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2007

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfill its training to students due to closure, and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of the student tuition.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Short-term investments

Short-term investments of $1,497,985 (2006 - $1,348,507) in guaranteed investment certificates are valued at cost. Maturity dates range from 17 March 2008 to 3 November 2008 with interest rates from 3.99% to 4.73%.

3. Related party transaction

Employees of the Department of Education perform certain duties related to the administration of the Train Out Fund. The Corporation reimburses the Department for these expenses charged to Board expenses in the amount of $5,300 for 2007 (2006 - $10,600).

4. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investments, investment income receivable, accounts receivable from private training institutions, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable would have been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

5. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2007 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at 31 December 2007 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
5 May 2008

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

31 December	2007	2006
	(000's)	(000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	$ 136,065	$ 122,059
Bonds and debentures	1,420,273	1,065,366
Equities - Canadian	2,478,344	2,575,407
- Foreign	2,525,365	1,898,934
Real estate (Note 3)	178,460	171,764
	6,738,507	5,833,530
Receivables		
Employee contributions	3,975	4,382
Employer contributions	3,942	4,294
Accrued investment income	16,371	14,792
Accounts receivable	633	896
	24,921	24,364
Cash	28,583	23,104
Prepaid expenses	202	318
Deferred charges	4,521	3,459
	6,796,734	5,884,775
LIABILITIES		
Accounts payable and accrued liabilities	11,932	8,650
Refunds payable	1,687	1,364
Due to Province of Newfoundland and Labrador	1,499	1,024
Mortgages payable (Note 4)	71,951	79,534
	87,069	90,572
NET ASSETS AVAILABLE FOR BENEFITS	$ 6,709,665	$ 5,794,203

See accompanying notes

Signed on behalf of the Fund:

Minister of Finance
and President of Treasury Board
Trustee

Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended 31 December

						2007	2006
	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Provincial Court Judges' Pension Plan (000's)	Total (000's)	Total (000's)
Increase in net assets							
Investments (Note 5)							
Investment income	$ 147,314	$ 135,001	$ 3,386	$ 559	$ 103	$ 286,363	$ 192,370
Gain on sale of investments	153,247	140,437	3,522	581	107	297,894	127,150
Current period change in market value of investments	(227,962)	(208,907)	(5,240)	(865)	(159)	(443,133)	429,729
	72,599	66,531	1,668	275	51	141,124	749,249
Contributions							
Employee	88,534	37,187	2,948	446	192	129,307	119,604
Employer (Note 6)	86,938	34,420	2,920	550	69	124,897	114,583
Special payments (Note 6)	982,000	-	-	-	-	982,000	2,033,000
	1,230,071	138,138	7,536	1,271	312	1,377,328	3,016,436
Decrease in net assets							
Pensions	190,723	214,030	15,629	205	51	420,638	395,495
Refund of contributions with interest	18,405	3,462	1,248	5	-	23,120	19,117
Administrative costs (Note 7)	9,947	7,716	311	96	38	18,108	13,619
	219,075	225,208	17,188	306	89	461,866	428,231
Total increase (decrease) in net assets	1,010,996	(87,070)	(9,652)	965	223	915,462	2,588,205
Net assets available for benefits, beginning of year	2,630,518	3,066,308	84,072	11,224	2,081	5,794,203	3,205,998
Net assets available for benefits, end of year	$ 3,641,514	$ 2,979,238	$ 74,420	$ 12,189	$ 2,304	$ 6,709,665	$ 5,794,203

See accompanying notes

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a statute of the Province.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE, up to a maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on the number of years of pensionable service times 2% of the member's best five years average salary.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan member's estate.

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The calculated amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated amount does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive a pension from the Supplementary Plan. The total pension received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan member's estate.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Grandfathered members, who are now all retired, contributed an additional 3.5% of salary, which was also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan member's estate.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly. Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

(iii) Calculation of allowances on retirement

A vested Member who is no longer an MHA or a minister may, on application and subject to eligibility criteria, receive an allowance from the Registered Plan that is the product of 2% of MHA's and minister's salary for the best three calendar years. When a Member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the member's average YMPE times years of service between 1 January 1998 and 31 December 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested Member who is no longer an MHA or a minister can receive an allowance from the Supplementary Plan. The Member's supplementary allowance is reduced by the amount of his or her registered allowance. The annual allowance is based on a percentage of the average of the Member's salary for the best three calendar years.

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, and 2.5% for each of the next two years. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

For Members elected for the first time after the 43rd General Assembly the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2.0% for each year of other service. When a member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after 1 April 1967 (service between 1 January 1998 and 31 December 2004 excluded).

(iv) Disability allowance

A disability allowance equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(vi) Pre-retirement death benefits

If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan Member's estate.

(vii) Termination benefits

A Member who is no longer an MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer an MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

(e) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after 1 April 2002, and to a judge who elected on or before 1 April 2002 to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

The annual amount of the allowance paid from the Supplementary Plan to a vested judge on normal retirement is the product of 3.33% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. A judge's supplementary allowance is reduced by the amount of the judge's registered allowance.

Normal retirement date is the first day of the month following the judge's 65th birthday.

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(v) Pre-retirement death benefits

If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement. Where a survivor pension is not payable, the commuted value of the entitlement is paid to the deceased judge's estate.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

(vii) Indexing

Effective 1 October 2002 and each 1 October thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

1. Significant accounting policies (cont.)

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

(i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.

(ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.

(iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.

(iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

2. Investments

All investments are valued as follows:

(a) Short-term notes and deposits are valued at book value which approximates market value.

(b) Bonds and debentures are valued at the last bid price on the valuation date.

(c) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.

2. Investments (cont.)

(d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties are presented in these financial statements at their appraised values in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership. Any properties acquired by the Corporation in the current year have not been appraised and are therefore recorded at cost. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

3. Real estate investments

The Fund's investment in real estate as at 31 December 2007, is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, as follows:

	2007 **(000's)**	2006 (000's)
Assets		
Income producing properties (Appraised Value)	**$ 178,460**	$ 171,764
Other assets	**13,080**	8,449
Total assets	**$ 191,540**	$ 180,213
Liabilities and Equity		
Mortgages payable (Appreciated Value)	**$ 71,951**	$ 79,534
Other liabilities	**7,818**	4,728
Shareholder's equity	**111,771**	95,951
Total liabilities and equity	**$ 191,540**	$ 180,213
Income, Expenses and Shareholder's Equity		
Income	**$ 21,855**	$ 18,132
Operating expenses	**(7,132)**	(6,788)
Operating income (at cost)	**14,723**	11,344
Other expenses	**(7,689)**	(10,025)
Net income for the year (at cost)	**7,034**	1,319

3. Real estate investments (cont.)

	2007 (000's)	2006 (000's)
Current period change in market value of income producing properties	**13,259**	11,155
Current period change in market value of mortgages	**1,476**	694
	14,735	11,849
Net income for the year (at appraised and appreciated values)	**21,769**	13,168
Shareholder's equity, beginning of year	**95,951**	77,898
Shares issued (cancelled) for cash	**(4,349)**	4,885
Dividends declared	**(1,600)**	-
Shareholder's equity	**$ 111,771**	$ 95,951

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Appreciated value is the mortgage's market value based on the discounted future cash payments using current or similar market interest rates. Details are as follows:

	2007		2006	
	Principal Value **(000's)**	**Appreciated Value** **(000's)**	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $26,705, including interest calculated at a rate of 5.58% per annum, maturing 1 July 2012, secured by a conventional first mortgage, a general security agreement, and a general assignment of rents.	**$ 4,308**	**$ 4,308**	$ 4,386	$ 4,386
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of $42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	-	-	6,283	6,638

4. Mortgages payable (cont.)

	2007		2006	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	**11,036**	**11,392**	11,485	12,101
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great-West Life Assurance Company, repayable in monthly installments of $137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	**19,931**	**20,165**	20,413	20,957
(e) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of $115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge on the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	**17,228**	**17,421**	17,626	18,222
(f) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of $38,175, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	**6,288**	**6,142**	6,433	6,419

4. Mortgages payable (cont.)

	2007		2006	
	Principal Value	**Appreciated Value**	Principal Value	Appreciated Value
	(000's)	**(000's)**	(000's)	(000's)
(g) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of $53,718, including interest calculated at a rate of 5.743% per annum, maturing 1 September 2015, secured by a first mortgage and charge on the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	**8,226**	**8,226**	6,409	6,355
(h) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of $26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge on the property, and a general security agreement.	**4,367**	**4,297**	4,456	4,456
	$ 71,384	**$ 71,951**	$ 77,491	$ 79,534

Annual principal repayments totalling $31.7 million (2006 - $28.8 million) to be made during the next five years are as follows:

	(000's)
2008	$ 1,926
2009	2,031
2010	20,454
2011	1,664
2012	5,591
	$ 31,666

5. Increase in net assets, investments

	Investment income	Gain on sale of investments	Current period change in market value of investments	2007 Total	2006 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian common equities	$ 68,882	$ 292,676	$ (77,542)	$ 284,016	$ 381,955
Foreign common equities	147,479	5,638	(371,894)	(218,777)	302,123
Bonds and debentures	58,669	(420)	(8,432)	49,817	45,682
Short-term notes and deposits	4,299	-	-	4,299	6,321
Real estate	7,034	-	14,735	21,769	13,168
	$ 286,363	$ 297,894	$ (443,133)	$ 141,124	$ 749,249

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province is required to pay into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

In 2006, the Province paid $1.953 billion to the Teachers' Pension Plan, $60 million to the Public Service Pension Plan and $20 million to the Uniformed Services Pension Plan to help address the unfunded liabilities of these plans.

In 2007, the Province entered into an agreement with the Newfoundland and Labrador Association of Public and Private Employees, the Canadian Union of Public Employees, the Association of Allied Health Professionals, the Newfoundland and Labrador Nurses Union, the International Brotherhood of Electrical Workers, and the Canadian Merchant Marine Services Guild to address the unfunded liability of the Public Service Pension Plan. In accordance with the agreement, the Province paid $982 million to the Public Service Pension Plan during 2007 as follows: $400 million in March 2007, $350 million in May 2007 and $232 million in June 2007 to help address the unfunded liability of the Plan.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based on a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs were comprised as follows:

	2007 **(000's)**	2006 (000's)
Investment management, consulting and custodial fees	**$ 15,178**	$ 10,848
Salaries and benefits	**1,820**	1,979
Computer charges	**359**	228
Actuarial consulting fees	**332**	159
Medical and professional fees	**213**	191
Other expenses	**206**	214
	$ 18,108	$ 13,619

8. Teachers' Indexing Fund

The total fund balance relating to the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2007 the increase and decrease in the net assets of the Fund related to the Teachers' Indexing Fund and the closing balance, along with the closing balance of the Fund related to the Teachers' Regular Fund, are comprised as follows:

8. Teachers' Indexing Fund (cont.)

	2007 (000's)	2006 (000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	$ 6,136	$ 5,941
Investment income	841	4,468
	6,977	10,409
Decreases in net assets		
Pensions	10	7
Administrative costs	99	71
	109	78
Increase in net assets	6,868	10,331
Teachers' Indexing Fund balance, beginning of year	35,522	25,191
Teachers' Indexing Fund balance, end of year	42,390	35,522
Teachers' Regular Fund balance	2,936,848	3,030,786
Teachers' Pension Plan combined balance	$ 2,979,238	$ 3,066,308

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table. In addition, the table shows the unfunded liabilities for each plan as extrapolated by the actuaries to 31 December 2007.

		At Valuation Date				
Plan	**Valuation Date**	**Actuarial Present Value**	**Asset Value**	**Unfunded Liability**	**Extrapolated Unfunded Liability at 31 December 2007**	**Extrapolated Unfunded Liability at 31 December 2006**
		(000's)	**(000's)**	**(000's)**	**(000's)**	**(000's)**
Public Service Pension Plan	12/31/2006	$ 4,464,970	$ 2,630,150	$ 1,834,820	$ 1,109,320	$ 1,733,010
Teachers' Pension Plan	08/31/2006	3,344,950	2,750,940	594,010	490,000	311,990
Uniformed Services Pension Plan	12/31/2005	269,590	62,530	207,060	216,600	196,410
Members of the House of Assembly Pension Plan	12/31/2006	9,820	11,220	(1,400)	(840)	(2,350)
Provincial Court Judges' Pension Plan	12/31/2004	1,244	1,206	38	(20)	(140)
		$ 8,090,574	$ 5,456,046	$ 2,634,528	$ 1,815,060	$ 2,238,920

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2007, the total estimated value of payments to be received on these contracts is $3.6 million (2006 - $4.3 million).

10. Related party transactions

The following related party investments were held by the Fund as at 31 December 2007:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Maturing from 11/03/2009 to 10/17/2033	$ 9,600	$ 10,417
Newfoundland and Labrador Hydro Debentures - Maturing 7/14/2017	4,191	4,093
	$ 13,791	$ 14,510

11. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and RBC Dexia Investor Services, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 2007, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Bentall Investment Management Limited Partnership
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management Inc.
Jacobs Levy Equity Management Inc.
Mulvihill Capital Management Inc.
Phillips, Hager & North Investment Management Ltd.
Sanford C. Bernstein and Company, LLC
Sprucegrove Investment Management Ltd.
Systematic Financial Management Limited Partnership
UBS Global Asset Management (Canada) Co.

Subsequent to year end, the Fund released Mulvihill Capital Management Inc.

12. Financial instruments

The Fund's financial instruments recognized in the Consolidated Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate current fair value due to their nature and the terms and conditions of those instruments.

13. Subsequent event

On 4 June 2008, the Province amended the *Public Service Pensions Act, 1991,* the *Teachers' Pensions Act* and the *Uniformed Services Pensions Act, 1991*. The amendments were to address situations where plan members die before receiving a pension and without a principal beneficiary. The amendment directs that the commuted value of the plan member's entitlement be paid to the estate. In addition, the amendments provide for transitional arrangements to deal with current circumstances where a plan member dies before receiving a pension and without a principal beneficiary and a survivor benefit is being paid to eligible children. The amendment allows a child who was receiving a survivor benefit when the amendment came into force to continue to receive the survivor benefit or to elect to be paid the commuted value of the entitlement at the date of death of the deceased employee less any payments already received by the child at the date of election. The amendments are retroactive to the dates the *Acts* were amended to permit the taking of commuted value on termination or death. Fund officials estimate the additional cost to the plans relating from the amendments to be $731,658.

14. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
5 June 2008

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 711	$ -
Accounts receivable (Note 2)	11,202	3,048
Prepaid expenses (Note 3)	5,196	2,078
	17,109	5,126
Capital assets (Note 4)	35,235	30,749
	$ 52,344	$ 35,875
LIABILITIES AND SURPLUS		
Current		
Bank indebtedness	$ -	$ 1,354
Accounts payable and accrued liabilities	8,482	9,690
Long-term debt payable within one year	-	14,857
Deferred revenue (Note 5)	11,000	-
	19,482	25,901
Surplus	32,862	9,974
	$ 52,344	$ 35,875

Commitments (Note 6)

See accompanying notes

Signed on behalf of the Council: Leslie McLeod **President** Michelle Murdoch **Member**

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
REVENUES		
Province of Newfoundland and Labrador operating grant (Note 7)	$ 292,200	$ 297,600
Miscellaneous	-	9,154
Interest	13	2,594
	292,213	309,348
EXPENSES		
Amortization	13,828	4,229
Council meetings	42,125	38,124
Interest on long-term debt	678	836
Moving expenses	4,847	3,913
Operating expenses	40,975	50,430
Outreach	20,228	11,376
Rent	37,831	-
Salaries and employee benefits	249,312	187,577
	409,824	296,485
Excess of revenues over expenses (expenses over revenues) before gain on sale of property	(117,611)	12,863
Gain on sale of property (Note 7)	140,499	-
Excess of revenues over expenses	22,888	12,863
Surplus (Deficit), beginning of year	9,974	(2,889)
Surplus, end of year	$ 32,862	$ 9,974

See accompanying notes

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN - NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	$ **22,888**	$ 12,863
Gain on sale of property (Note 7)	**(140,499)**	-
Adjustment for non-cash items		
Amortization	**13,828**	4,229
	(103,783)	17,092
Changes in non-cash working capital		
Accounts receivable	**(8,154)**	4,673
Prepaid expenses	**(3,118)**	(831)
Accounts payable and accrued liabilities	**(1,208)**	(6,945)
Deferred revenue	**11,000**	-
	(105,263)	13,989
Cash flows from financing activities		
Repayment of long-term debt	**(14,857)**	(4,997)
Cash flows from investing activities		
Purchase of capital assets	**(39,614)**	(13,678)
Net proceeds from sale of property (Note 7)	**161,799**	-
	122,185	(13,678)
Net increase (decrease) in cash	**2,065**	(4,686)
Cash (bank indebtedness), beginning of year	**(1,354)**	3,332
Cash (bank indebtedness), end of year	$ **711**	$ (1,354)

See accompanying notes

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act.* The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization for capital assets is calculated using the methods described below based on the expected future useful life of the assets as follows:

Furniture and office equipment	Straight line, 5 years
Computer hardware and software	Straight line, 3 years
Leasehold improvements	Straight line, 5 years

2. Accounts receivable

	2008	2007
Harmonized sales tax	**$ 11,202**	$ 3,048

There is no allowance for doubtful accounts since all amounts are considered collectible.

3. Prepaid expenses

	2008	2007
Insurance	**$ 927**	$ 174
Property tax	**-**	613
Rent	**2,467**	-
Workplace Health, Safety and Compensation Commission	**1,802**	1,291
	$ 5,196	$ 2,078

4. Capital assets

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ -	$ -	$ -	$ 21,300
Furniture and office equipment	26,951	5,885	21,066	1,980
Computer hardware and software	23,767	11,657	12,110	7,469
Leasehold improvements	2,574	515	2,059	-
Total	$ 53,292	$ 18,057	$ 35,235	$ 30,749

5. Deferred revenue

Deferred revenue represents an advance on 2008-09 Province of Newfoundland and Labrador operating grant.

6. Commitments

In March 2007, the Council entered into a 3 year agreement for the lease of a photocopier requiring quarterly lease payments of $1,017. Also, in March 2007, the Council entered into a 5 year agreement to lease a postage meter requiring monthly lease payments of $28. In August 2007, the Council entered a 5 year agreement for the lease of office space requiring monthly lease payments of $2,618 with an option to renew for an additional 5 years at the same terms and conditions.

7. Gain on sale of property

In April 2007, the Council sold the building located at 131 LeMarchant Road.

Proceeds from sale	$ 175,000
Real estate fees	(9,889)
Adjustment for siding	(1,500)
Legal fees	(859)
Survey report	(741)
Other fees/adjustments	(212)
Net proceeds from sale	161,799
Net book value of property	(21,300)
Gain on sale	$ 140,499

7. Gain on sale of property (cont.)

In January 2007, Treasury Board provided direction to the Council relating to the disposition of proceeds from the sale of the property. Treasury Board directed that proceeds first be applied to pay off the existing mortgage, associated legal and related fees and to offset one-time moving costs, including any interim overlapping lease costs that may occur. Council was permitted to retain any remaining balance for its general operations but with this amount to be deducted from the 2007-08 operating grant provided by the Government of Newfoundland and Labrador. Accordingly, $100,000 of the net proceeds was retained by the Council for its general operations with Government's operating grant reduced by the same amount.

8. Pensions

Council staff are subject to the *Public Service Pensions Act.* Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2008 was $17,423 (2007 - $12,428).

9. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

10. Financial instruments

The Council's current financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

12. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
  Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2008 and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
13 June 2008

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 2,418,437	$ 2,224,311
Accounts receivable (Note 2)	64,048	176,304
Prepaid expenses (Note 3)	185,762	174,135
	2,668,247	2,574,750
Provincial Territorial Public Library Council Trust fund	20,006	-
Long-term investments (Note 4)	23,492	23,492
Capital assets (Note 5)	2,310,073	2,021,242
	$ 5,021,818	$ 4,619,484
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 807,981	$ 817,144
Deferred revenue (Note 7)	682,273	814,234
Deposits - local libraries (Note 8)	8,596	10,052
	1,498,850	1,641,430
Provincial Territorial Public Library Council Trust fund payable	20,006	-
Severance pay liability	1,067,160	1,039,582
	2,586,016	2,681,012
Net assets		
Unrestricted net assets (deficit)	125,729	(82,770)
Net assets invested in capital assets	2,310,073	2,021,242
	2,435,802	1,938,472
	$ 5,021,818	$ 4,619,484

Commitments (Note 9)

See accompanying notes

Signed on behalf of the Board: Colin Taylor

Chairperson

Member

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 31 March

	Invested in Capital Assets	Unrestricted	2008	2007
Net assets (deficit), beginning of year	**$ 2,021,242**	**$ (82,770)**	**$ 1,938,472**	$ 1,943,834
Capital grant from Province	-	**616,000**	**616,000**	265,880
Less: Deferred capital grant	-	**(20,000)**	**(20,000)**	(20,000)
Excess of revenue over expenses (expenses over revenue)	**(675,771)**	**577,101**	**(98,670)**	(251,242)
Proceeds from disposal of capital assets	**(756)**	**756**	-	-
Invested in capital assets	**965,358**	**(965,358)**	-	-
Net assets (deficit), end of year	**$ 2,310,073**	**$ 125,729**	**$ 2,435,802**	$ 1,938,472

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REVENUE AND EXPENSES
For the Year Ended 31 March

	2008		2007
	Actual	**Budget (Note 10)**	Actual
REVENUE			
Operating grant from the Province	$ 9,067,700	$ 9,067,700	$ 8,629,100
Other grants			
Computerization projects	505,205	-	494,649
Educational DVD Project	179,000	-	-
Provincial Territorial Public Library Council	-	-	15,003
Interest	145,651	60,000	150,057
Miscellaneous	61,248	-	49,543
Fines and lost library materials	45,367	40,000	40,923
	10,004,171	9,167,700	9,379,275
EXPENSES			
Amortization	668,342	-	637,004
Books and periodicals	914,575	1,000,000	990,936
Computerization of libraries	359,539	335,000	261,581
Conferences and workshops	13,011	60,000	2,438
Educational DVD Project	146,134	-	-
Freight and postage	53,156	76,750	47,991
Grants - local libraries (Schedule)	430,353	410,000	429,465
Heat and light	7,482	7,000	7,108
Insurance	72,676	109,000	77,987
Literacy projects	-	-	3,757
Loss on disposal of capital assets	7,429	-	1,717
Miscellaneous	2,074	-	279
Office and library supplies	111,737	131,970	108,218
Professional fees	23,345	50,000	19,175
Provincial Territorial Public Library Council	5,003	-	10,000
Rental of premises	351,940	374,500	348,961
Repairs and maintenance	25,269	17,650	13,646
Salaries and benefits	6,710,522	7,299,632	6,446,279
Telephone	66,882	72,500	68,998
Travel	133,372	167,779	154,977
	10,102,841	10,111,781	9,630,517
Excess of expenses over revenue	$ (98,670)	$ (944,081)	$ (251,242)

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of expenses over revenue	$ (98,670)	$ (251,242)
Adjustments for non-cash items		
Amortization	668,342	637,004
Loss on disposal of capital assets	7,429	1,717
	577,101	387,479
Change in non-cash working capital		
Accounts receivable	112,256	130,416
Prepaid expenses	(11,627)	10,269
Accounts payable and accrued liabilities	(9,163)	199,814
Deferred revenue	(131,961)	(131,408)
Deposits - local libraries	(1,456)	3,045
	535,150	599,615
Increase in severance pay liability	27,578	13,048
	562,728	612,663
Cash flows from investing activities		
Additions to capital assets	(965,358)	(701,978)
Proceeds from disposal of capital assets	756	-
	(964,602)	(701,978)
Cash flows from financing activities		
Capital grant	616,000	265,880
Deferred capital grant	(20,000)	(20,000)
	596,000	245,880
Net increase in cash	194,126	156,565
Cash, beginning of year	2,224,311	2,067,746
Cash, end of year	$ 2,418,437	$ 2,224,311

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
For the Year Ended 31 March

	2008	2007
Eastern Division		
Arnold's Cove	$ 1,038	$ 817
Bay Roberts	75,202	59,992
Bell Island	926	930
Bonavista	4,299	6,743
Brigus	11,421	5,828
Burin	563	667
Carbonear	32,260	26,120
Catalina	768	798
Clarenville	18,748	16,769
Conception Bay South	7,321	7,518
Fortune	474	486
Fox Harbour	1,304	1,505
Garnish	851	1,018
Grand Bank	7,156	7,333
Harbour Grace	9,217	9,173
Holyrood	6,083	5,615
Marystown	5,911	6,849
Mount Pearl	9,188	10,530
Old Perlican	2,141	2,370
Placentia	16,420	27,880
Pouch Cove	2,477	2,492
St. Brides	6,266	6,596
St. Lawrence	493	6,617
Southern Harbour	2,294	3,592
Torbay	1,256	1,212
Trepassey	6,938	6,752
Victoria	1,032	1,170
Whitbourne	3,601	3,744
Winterton	510	724
	236,158	231,840

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)

For the Year Ended 31 March	2008	2007
Central Division		
Baie Verte	**4,727**	4,669
Bishop's Falls	**1,119**	945
Botwood	**6,774**	6,601
Buchans	**939**	998
Carmanville	**1,304**	1,711
Centerville	**1,095**	1,036
Change Islands	**945**	794
Fogo	**979**	1,091
Gambo	**720**	779
Gander	**21,085**	20,362
Gaultois	**2,587**	2,651
Glenwood	**1,351**	1,573
Glovertown	**613**	818
Grand Falls-Windsor	**4,381**	2,727
Greenspond	**4,009**	4,442
Harbour Breton	**1,020**	1,138
Hare Bay	**1,173**	1,359
Harry's Harbour	**4,407**	4,554
Hermitage	**1,287**	1,071
King's Point	**3,801**	4,809
LaScie	**4,344**	3,545
Lewisporte	**4,314**	4,302
Lumsden	**1,390**	1,615
Musgrave Harbour	**651**	689
Norris Arm	**1,528**	2,214
Point Leamington	**1,486**	1,250
Robert's Arm	**6,980**	2,620
St. Albans	**1,304**	1,258
Seal Cove	**1,038**	1,095
Springdale	**758**	672
Summerford	**1,435**	1,556
Twillingate	**673**	1,333
Wesleyville	**771**	742
	90,988	87,019

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
For the Year Ended 31 March

	2008	2007
Western Newfoundland - Labrador Division		
Bay St. George South	797	980
Burgeo	448	495
Cape St. George	482	718
Cartwright	776	825
Churchill Falls	701	692
Codroy Valley	468	544
Cormack	483	994
Corner Brook	5,592	4,823
Cow Head	5,466	6,044
Daniel's Harbour	1,753	807
Deer Lake	15,960	14,969
Happy Valley	512	856
Labrador City	11,653	15,369
L'Anse au Loup	1,009	3,289
Lark Harbour	820	782
Lourdes	622	776
Norris Point	2,401	1,112
Pasadena	675	1,784
Port au Port	705	3,143
Port aux Basques	12,039	11,538
Port Saunders	5,059	4,560
Ramea	861	909
Rocky Harbour	410	524
St. Anthony	1,411	1,245
St. George's	836	2,324
St. Lunaire-Griquet	453	678
Sops Arm	906	2,385
Stephenville	23,133	19,574
Stephenville Crossing	905	884
Wabush	1,733	2,238
Woody Point	4,138	4,745
	103,207	110,606
	$ 430,353	$ 429,465

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years
Software	5 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

2. Accounts receivable

	2008	2007
Federal Government		
Harmonized Sales Tax	$ 35,689	$ 62,374
Provincial Government	28,359	92,900
Other	-	21,030
	$ 64,048	$ 176,304

3. Prepaid expenses

Prepaid expenses of $185,762 (2007 - $174,135) include inventory of supplies of $54,615 (2007 - $57,837) on hand at the Board's head office and the three divisional library board offices.

4. Long-term investments

Long-term investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of $23,492, as determined by the share price at the time of the transfer of shares to the Board. The fair market value of these shares was $80,527 as at 31 March 2008 (2007 - $88,129).

5. Capital assets

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 285,907	$ -	$ 285,907	$ 288,406
Buildings	1,758,867	1,054,922	703,945	710,187
Building improvements	774,078	127,203	646,875	101,044
Furniture and equipment	1,340,754	1,156,067	184,687	308,056
Motor vehicles	121,856	115,751	6,105	17,371
Computer equipment	1,896,484	1,516,207	380,277	452,867
Software	205,169	102,892	102,277	143,311
	$ 6,383,115	$ 4,073,042	$ 2,310,073	$ 2,021,242

6. Accounts payable and accrued liabilities

	2008	2007
Accounts payable	$ 145,426	$ 193,031
Accrued salaries and benefits	662,555	624,113
	$ 807,981	$ 817,144

7. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	2008	2007
Provincial Government	$ 655,906	$ 790,359
Other	26,367	23,875
	$ 682,273	$ 814,234

8. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2008 was $8,596 (2007 - $10,052).

9. Commitments

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2009	$509,543
2010	$518,474
2011	$518,474
2012	$324,722
2013	$201,604

10. Budget

The 2008 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference would be funded from cash surpluses carried forward from prior years.

11. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2008 was $337,224 (2007 - $323,406).

12. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon decisions of the Province.

14. Financial instruments

The Board's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity or current market rate associated with them. Accounts receivable is due primarily from the Government of Canada and Province of Newfoundland and Labrador and therefore there is no credit risk associated with this amount.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2007 and the statement of revenue, expenses and equity for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 March 2008

PUBLIC ACCOUNTANTS LICENSING BOARD
BALANCE SHEET

31 December	2007	2006
ASSETS		
Current		
Cash	$ 233	$ 6,495
Temporary investments	42,745	55,706
Sales tax receivable	1,569	1,215
Prepaid expense	492	703
	$ 45,039	$ 64,119
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 920	$ 920
Deferred revenue	7,500	5,900
	8,420	6,820
Equity	36,619	57,299
	$ 45,039	$ 64,119

See accompanying notes

Signed on behalf of the Board: **Chair** **Member**

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENSES AND EQUITY

For the Year Ended 31 December	2007	2006
REVENUE		
Licences	$ 23,600	$ 24,600
Interest income	1,514	1,520
	25,114	26,120
EXPENSES		
Advertising	5,123	5,359
Board remuneration	3,125	2,765
Insurance	880	997
Interest and bank charges	227	195
Meeting expense	1,743	1,652
Office supplies	290	600
Professional fees	1,775	1,375
Scholarship (Note 3)	25,000	-
Secretarial services	3,290	2,460
Travel	4,341	4,790
	45,794	20,193
Excess of revenue over expenses (expenses over revenue)	(20,680)	5,927
Equity, beginning of year	57,299	51,372
Equity, end of year	$ 36,619	$ 57,299

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
31 December 2007

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, temporary investments, sales tax receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

3. Scholarship

During 2007 the Board entered into a Gift Agreement with Memorial University of Newfoundland to establish the *Public Accountants Licensing Board Scholarship*. The Board provided $25,000 to the University to establish an endowment fund to be managed by the University.

A scholarship valued at a portion of the income on the endowment is to be awarded from the fund annually, to an undergraduate student entering the final year of an academic program in the Faculty of Business Administration, who is in scholarship standing and demonstrates an interest in pursuing public accountancy as a profession. All scholarships will be awarded and administered in accordance with the University's student awards policies and practices.

4. Income taxes

The Public Accountants Licensing Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Deloitte

Financial Statements of

PUBLIC HEALTH LABORATORY

March 31, 2007

Deloitte.

Deloitte & Touche LLP
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Canada
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Auditors' Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the statement of financial position of the Public Health Laboratory as at March 31, 2007 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Laboratory's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 8, 2007

Member of
Deloitte Touche Tohmatsu

PUBLIC HEALTH LABORATORY
Statement of Operations and Deficit
Year ended March 31, 2007

	2007 $	2006 $
REVENUE		
Government of Newfoundland and Labrador	3,526,754	3,295,017
EXPENDITURES		
Wages and benefits	1,584,016	1,505,209
Laboratory supplies	1,487,376	1,416,835
Professional fees	204,793	127,257
Operating supplies	131,879	115,527
Repairs and maintenance	73,735	64,463
Printing, stationery and office	58,583	51,297
Travel	34,376	9,780
Telephone	11,767	11,992
Minor equipment	10,828	8,287
	3,597,353	3,310,647
EXCESS OF EXPENDITURES OVER REVENUE BEFORE UNDERNOTED ITEMS:	(70,599)	(15,630)
Amortization of capital assets	(130,744)	(149,886)
Amortization of deferred capital contributions	47,208	47,208
Decrease (increase) in severance pay accrual	(1,031)	4,704
EXCESS OF EXPENDITURES OVER REVENUE	(155,166)	(113,604)
DEFICIT, BEGINNING OF YEAR	(869,273)	(755,669)
DEFICIT, END OF YEAR	(1,024,439)	(869,273)

PUBLIC HEALTH LABORATORY

Statement of Financial Position

March 31, 2007

	2007 $	2006 $
ASSETS		
CURRENT		
Cash	**500**	500
Receivables	**43,689**	40,000
	44,189	40,500
CAPITAL ASSETS (Note 3)	**89,378**	214,334
	133,567	254,834
LIABILITIES		
Current		
Payables and accruals	**47,637**	91,590
Payable to Eastern Regional Health Authority	**211,255**	223,147
Deferred revenue	**118,673**	-
Accrued vacation pay	**251,287**	234,039
	628,852	548,776
ACCRUED SEVERANCE PAY	**444,625**	443,594
DEFERRED CAPITAL CONTRIBUTIONS	**84,529**	131,737
	1,158,006	1,124,107
DEFICIT		
Deficit	(1,024,439)	(869,273)
	133,567	254,834

ON BEHALF OF THE BOARD:

Trustee

Trustee

1. NATURE OF OPERATIONS

The purpose of the Public Health Laboratory (the "Laboratory") is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Capital assets

Capital assets are recorded at cost.

Amortization is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as amortization related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Laboratory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Equipment	1,538,869	1,449,491	89,378	120,504
Computer equipment	602,290	602,290	-	93,830
	2,141,159	2,051,781	89,378	214,334

During the current year Public Health Laboratory had capital purchases totalling $5,789.

4. RELATED PARTY TRANSACTIONS

The Laboratory coordinates with Eastern Regional Health Authority to provide a reference laboratory centre. Transactions between these related parties are measured at their exchange value.

5. FINANCIAL INSTRUMENTS

The carrying value of the Laboratory's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

6. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows during the year.

GrantThorton

Financial Statements

Public Health Laboratory

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
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A1B 3P9

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To the Board of Trustees of
Eastern Regional Health Authority

We have audited the statement of financial position of the Public Health Laboratory as at March 31, 2008 and the statements of operations, changes in net deficiency, and cash flows for the year then ended. These financial statements are the responsibility of the Laboratory's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2007 were audited by another firm of chartered accountants.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

May 23, 2008

Chartered Accountants

Public Health Laboratory
Statements of Operations and Changes in Net Deficiency

Year Ended March 31	2008	2007
Revenue		
Government of Newfoundland and Labrador	$ 3,740,027	$ 3,526,754
Expenditure		
Wages and benefits	1,564,167	1,584,016
Laboratory supplies	1,464,384	1,487,376
Professional fees	199,586	204,793
Operating supplies	193,384	131,879
Printing, stationery and office	52,460	58,583
Minor equipment	40,853	10,828
Repairs and maintenance	31,713	73,735
Travel	19,155	34,376
Telephone	13,630	11,767
	3,579,332	3,597,353
Excess of revenue over expenditure (expenditure over revenue) before undernoted items	160,695	(70,599)
Depreciation	(41,390)	(130,744)
Amortization of deferred capital contributions	28,525	47,208
Decrease (increase) in severance pay accrual	2,786	(1,031)
	(10,079)	(84,567)
Excess of revenue over expenditure (expenditure over revenue)	$ 150,616	$ (155,166)
Net deficiency, beginning of year	$ (1,024,439)	$ (869,273)
Excess of revenue over expenditure (expenditure over revenue)	150,616	(155,166)
Net deficiency, end of year	$ (873,823)	$ (1,024,439)

See accompanying notes to the financial statements.

Public Health Laboratory
Statement of Financial Position

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 500	$ 500
Receivables	38,278	43,689
Receivable from Eastern Regional Health Authority	108,199	-
	146,977	44,189
Capital assets (Note 3)	99,736	89,378
	$ 246,713	$ 133,567
Liabilites		
Current		
Payables and accruals	$ 86,562	$ 47,637
Payable to Eastern Regional Health Authority	-	211,255
Accrued vacation pay	241,614	251,287
Current portion of accrued severance pay	65,520	-
Deferred revenue	242,770	118,673
	636,466	628,852
Accrued severance pay	376,319	444,625
Deferred capital contributions	107,751	84,529
	1,120,536	1,158,006
Net deficiency		
Deficit	(873,823)	(1,024,439)
	$ 246,713	$ 133,567

On behalf of the Board

Trustee Faith Stratton CMOH ~~Trustee~~

See accompanying notes to the financial statements.

Public Health Laboratory

Statement of Cash Flows

Year Ended March 31	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditure (expenditure over revenue)	$ 150,616	$ (155,166)
Depreciation	41,390	130,744
Amortization of deferred capital contributions	(28,525)	(47,208)
(Decrease) increase in severance pay accrual	(2,786)	1,031
	160,695	(70,599)
Change in non-cash operating working capital (Note 4)	(160,695)	76,377
	-	5,778
Financing		
Capital asset contributions	51,748	-
Investing		
Purchase of capital assets	(51,748)	(5,778)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	500	500
End of year	$ 500	$ 500

See accompanying notes to the financial statements.

1. Nature of operations

The purpose of the Public Health Laboratory (the "Laboratory") is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the Province.

2. Summary of significant accounting policies

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand.

Capital assets

Capital assets are recorded at cost. Rates and bases of depreciation applied to write off the cost of capital assets over their estimated lives are as follows:

Equipment	15%, straight line
Computer equipment	20%, straight line

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

2. Summary of significant accounting policies (cont'd.)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for severance pay is recorded in the accounts for any employee who has less than nine years of service. Severance is payable when the employee ceases employment with the Laboratory.

Revenue recognition

Revenue from the Government of Newfoundland and Labrador (the "Government") consists of provincial plan revenue and is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Pension costs

Employees of the Laboratory are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. Contributions to the plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Laboratory's year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Laboratory implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", and 3861, "Financial Instruments - Disclosure and Presentation".

This new standard, Section 3855, "Financial Instruments - Recognition and Measurement", requires the Laboratory to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

2. **Summary of significant accounting policies** (cont'd.)

This standard also requires the Laboratory to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the year that the asset is no longer recognized or impaired; c) available for sale - measured at fair value with changes in fair value recognized in net assets for the current year until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the year that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the year that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Laboratory's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as capital assets, deferred revenue, and deferred capital contributions are not within the scope of the new accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Laboratory would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument, various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

2. Summary of significant accounting policies (cont'd.)

Financial instruments - disclosure and presentation

Section 3861, "Financial Instruments – Disclosure and Presentation" which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Laboratory's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

Future changes in accounting policies

(i) Financial instruments – disclosure and financial instruments – presentation

Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Laboratory does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Capital assets

			2008	2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	$ 1,590,617	$ 1,490,881	$ 99,736	$ 89,378
Computer equipment	602,290	602,290	-	-
	$ 2,192,907	$ 2,093,171	$ 99,736	$ 89,378

During the current year the Laboratory had capital purchases totally $51,748.

Public Health Laboratory

Notes to the Financial Statements

March 31, 2008

4. Supplemental cash flow information	2008	2007
Change in non-cash operating working capital		
Receivables	$ 5,411	$ (3,689)
Receivable from Eastern Regional Health Authority	(319,455)	(11,892)
Payables and accruals	38,925	(43,963)
Accrued vacation pay	(9,673)	17,248
Deferred revenue	124,097	118,673
	$ (160,695)	$ 76,377

5. Related party transactions

The Laboratory coordinates with the Eastern Regional Health Authority to provide a reference laboratory centre. Transactions between these related parties are measured at their exchange value.

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
10 June 2008

SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
BALANCE SHEET
31 March

	2008	2007
ASSETS		
Current		
Cash	$ 690	$ 2,170
Accounts receivable (Note 2)	617	470
	$ 1,307	$ 2,640
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	$ -	$ 1,362
Shareholder's equity		
Share capital		
Authorized and issued 500 common shares of no par value	1	1
Surplus	1,306	1,277
	1,307	1,278
	$ 1,307	$ 2,640

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
REVENUES		
Bank interest	$ 67	$ 1,375
EXPENSES		
Grants	-	61,500
Administration	38	541
	38	62,041
Excess of revenues over expenses (expenses over revenues)	29	(60,666)
Surplus, beginning of year	1,277	61,943
Surplus, end of year	$ 1,306	$ 1,277

See accompanying notes

SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

		2008		2007
Cash flows from operating activities				
Excess of revenues over expenses (expenses over revenues)	$	29	$	(60,666)
Changes in non-cash working capital		(1,509)		(643)
Net decrease in cash		(1,480)		(61,309)
Cash, beginning of year		2,170		63,479
Cash, end of year	$	690	$	2,170

See accompanying notes

SPECIAL CELEBRATIONS CORPORATION OF NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2008	2007
Bank interest	$ -	$ 7
Harmonized sales tax	617	463
	$ 617	$ 470

3. Related party transactions

The Province has provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.

4. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

5. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

6. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Corporation status

During 2005-06 Government authorized the Corporation to fund festivals, community celebrations and promotional events with its residual funds. Approval was also given to formally dissolve the Corporation once the remaining balance is exhausted.

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Student Loan Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Student Loan Corporation of Newfoundland and Labrador as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 June 2008

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 March

	2008	2007
ASSETS		
Cash	$ 9,128,985	$ 5,716,623
Short-term investments, at cost (Note 2)	13,918,952	7,379,726
Interest receivable on investments	159,295	35,575
Accounts receivable	333,495	334,550
Prepaid expense	5,710	2,096
Student loans receivable (Note 3)	182,265,622	192,523,771
	205,812,059	205,992,341
Capital assets (Note 4)	131,892	56,757
	$ 205,943,951	$ 206,049,098
LIABILITIES AND SURPLUS		
Accounts payable and accrued liabilities	$ 271,415	$ 247,888
Accrued vacation pay	82,421	50,303
Interest payable on long-term debt	-	2,133,290
Current portion - long-term debt (Note 5)	14,000,000	14,000,000
Current portion - obligation under capital lease (Note 6)	4,348	4,348
	14,358,184	16,435,829
Long-term debt (Note 5)	170,000,000	184,000,000
Accrued severance pay	32,691	28,940
Obligation under capital lease (Note 6)	7,246	11,594
	184,398,121	200,476,363
Surplus	21,545,830	5,572,735
	$ 205,943,951	$ 206,049,098

See accompanying notes

Signed on behalf of the Board: Rebecca Roome

Chairperson

Director

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the year ended 31 March	2008	2007
REVENUES		
Provincial grant revenue	$ 33,155,813	$ 27,973,390
Federal grant revenue	4,427,720	4,399,890
Student loan interest	12,577,952	14,643,079
Interest revenue	1,008,596	694,154
Other revenue	19,842	13,934
	51,189,923	47,724,447
EXPENSES		
Administrative fees	1,453,389	1,287,506
Amortization	12,454	12,200
Bad debt expense	1,442,766	1,764,473
Bank charges	20,619	20,651
Grant expense – Federal	4,427,720	4,399,890
Grant expense – Provincial	15,888,545	7,743,557
Interest expense	8,880,010	8,687,975
Interest relief expense	1,943,077	2,521,849
Miscellaneous expenses	30,736	3,422
Operating expenses	101,048	187,541
Salaries	1,016,464	882,848
	35,216,828	27,511,912
Excess of revenues over expenses	15,973,095	20,212,535
Surplus (Deficit), beginning of year	5,572,735	(14,639,800)
Surplus, end of year	$ 21,545,830	$ 5,572,735

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the year ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	**$ 15,973,095**	$ 20,212,535
Add non-cash items		
Amortization	**12,454**	12,200
Bad debt expense	**1,442,766**	1,764,473
	17,428,315	21,989,208
Changes in non-cash operating items		
Interest receivable on investments	**(123,720)**	(35,575)
Accounts receivable	**1,055**	(115,174)
Prepaid expense	**(3,614)**	287
Student loans receivable (Note 3)	**8,815,383**	(8,202,151)
Accounts payable and accrued liabilities	**23,527**	(100,664)
Accrued vacation pay	**32,118**	5,566
Interest payable on long-term debt	**(2,133,290)**	2,133,290
	24,039,774	15,674,787
Accrued severance pay	**3,751**	(9,904)
	24,043,525	15,664,883
Cash flows from investing activities		
Purchase of capital assets	**(87,589)**	(6,728)
Cash flows from financing activities		
Proceeds from long-term debt	**-**	198,000,000
Repayment of long-term debt	**(14,000,000)**	(206,000,000)
Repayment of capital lease obligation	**(4,348)**	(4,348)
	(14,004,348)	(8,0[illegible]48)
Increase in cash and cash equivalents	**9,951,588**	7,653,807
Cash and cash equivalents, beginning of year	**13,096,349**	5,442,542
Cash and cash equivalents, end of year	**$ 23,047,937**	$ 13,096,349
Cash and cash equivalents include:		
Cash	**$ 9,128,985**	$ 5,716,623
Short-term investments	**13,918,952**	7,379,726
	$ 23,047,937	$ 13,096,349

See accompanying notes

Authority

The Student Loan Corporation of Newfoundland and Labrador was established on 30 March 2004 under the authority of the *Student Financial Assistance Act*. The objective of the Corporation is to act as the lender for all Provincial student loans. The affairs of the Corporation are managed by a Board of Directors comprised of senior government officials.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed:

(a) Capital assets

All capital assets are recorded at cost at the time of acquisition. Amortization is calculated using the straight-line method based on the expected future life of all assets as follows:

Office equipment	10 years
Computer software	7 years
Computer hardware	4 years
Capital photocopier lease	5 years

(b) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

2. Short-term investments

Short-term investments are valued at cost of $13,918,952 (2007 - $7,379,726) which approximates market value. As of 31 March 2008, the Corporation had two investments. These investments have a maturity date of 15 September 2008 and interest rates of 3.51% and 4.58% respectively.

3. Student loans receivable

The student loan portfolio consists of Provincial loans issued on or after 1 August 2000 and Provincial loans issued prior to 1 August where the student was still in school and did not receive additional loans.

As at 31 March 2008 approximately 20,366 loans totalling $121,389,688 (2007 - 20,179 loans totalling $122,480,353) were being repaid at an average interest rate of prime plus 2.5% for the period 1 April 2007 to 31 July 2007, and at an average rate of prime for the period 1 August 2007 to 31 March 2008 (Class B) while 10,356 loans totalling $60,516,585 (2007 - 10,942 loans totalling $75,281,472) were not being repaid as the student was either still in attendance at an approved education institution or was within 6 months after the end of the study period (Class A loans).

As at 31 March 2008 approximately 7,414 loans totalling $45,484,607 (2007 - 6,617 loans totalling $39,325,180) were defaulted. These loans are defined as Class B loans delinquent for 270 days (nine months). The interest rate on these loans is prime plus 2.5% for the period 1 April 2007 to 31 July 2007, and at an average rate of prime for the period 1 August 2007 to 31 March 2008.

Student loans receivable consist of the following:

	2008	2007
Loans receivable		
Class B principal	**$ 121,389,688**	$ 122,480,353
Class A principal	**60,516,585**	75,281,472
Loans defaulted	**45,484,607**	39,325,180
Interest receivable	**7,937,742**	7,057,000
	235,328,622	244,144,005
Less: allowance for doubtful accounts	**(53,063,000)**	(51,620,234)
	$ 182,265,622	$ 192,523,771

The allowance for doubtful accounts represents the Corporation's best estimate of future probable losses with respect to loans receivable. The estimation of an appropriate allowance involves significant judgment. These financial statements represent management's best estimates based on available information.

The net increase (decrease) in student loans receivable during the year consists of the following:

	2008	2007
Student loan interest	**$ 12,577,952**	$ 14,643,079
Interest relief	**(1,943,077)**	(2,521,849)
Student loan grants	**(10,658,439)**	(11,891,593)
Student loans disbursed	**18,206,038**	29,493,421
Student loan payments	**(26,967,428)**	(21,520,907)
Student loan written off	**(30,429)**	-
	$ (8,815,383)	$ 8,202,151

4. Capital assets

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	$ 4,627	$ 540	$ 4,087	$ 4,434
Computer software	116,231	20,105	96,126	33,611
Computer hardware	22,539	2,816	19,723	2,408
Capital photocopier lease	21,739	9,783	11,956	16,304
	$ 165,136	$ 33,244	$ 131,892	$ 56,757

5. Long-term debt

	2008	2007
Issue of floating rate notes dated 2 October 2006 maturing 30 September 2011 and bearing interest at the 3-month Canadian Bankers' Acceptance rate less 2 basis points, payable quarterly.	$ 184,000,000	$ 198,000,000
Less: current portion	14,000,000	14,000,000
	$ 170,000,000	$ 184,000,000

On 2 October 2006, the Corporation repaid $206 million principal amount of floating rate notes by using available cash of $8 million to reduce the principal balance to $198 million, then arranging a new long-term borrowing to refinance this amount for a term of five years. A principal payment of $14 million will be made on 30 September in each of the years 2007 to 2010, inclusive, with the balance of the debt maturing 30 September 2011. Interest is payable quarterly in arrears on 31 March, 30 June, 30 September, and 31 December each year.

Principal repayments on long-term debt for the next four years are as follows:

Year Ended 31 March	
2009	$ 14,000,000
2010	$ 14,000,000
2011	$ 14,000,000
2012	$ 142,000,000

6. Obligation under capital lease

The following is a schedule of future minimum lease payments under the capital lease expiring in December 2010.

Year Ended 31 March	2008	2007
2008	$ -	$ 4,348
2009	4,348	4,348
2010	4,348	4,348
2011	2,898	2,898
	11,594	15,942
Less: current portion	4,348	4,348
	$ 7,246	$ 11,594

7. Related party transactions

The Province unconditionally guarantees the principal and interest outstanding on long-term debt of $184,000,000.

8. Economic dependence

As a result of its reliance on the Government of Newfoundland and Labrador to address the future funding requirements of the student loans program, the Corporation's ability to continue is dependent upon the decisions of Government.

9. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, short-term investments, interest receivable on investments, accounts receivable, accounts payable and accrued liabilities, accrued vacation pay, interest payable on long-term debt and current portion of long-term debt. The carrying values of these instruments approximate current fair value due to their nature and short-term maturity associated with them.

The Corporation's long-term financial instruments recognized on the balance sheet consist of student loans receivable, long-term debt and accrued severance pay. The student loans receivable are reported at cost with provision being made for any decline in their value. Therefore, no further credit risk exists relating to these loans. The Corporation's long-term debt is at a floating rate determined by the 3-month Canadian Bankers' Acceptance rate less 2 basis points, maturing in September 2011. This may subject the Corporation to interest rate risk caused by changes in the interest rate. The carrying values of these long-term financial instruments approximate their current fair value.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

THE BURIN PENINSULA HEALTH CARE FOUNDATION INC.

AUDITORS REPORT

FINANCIAL STATEMENTS – MARCH 31, 2007

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of
The Burin Peninsula Health Care Foundation Inc.

We have audited the balance sheet of **The Burin Peninsula Health Care Foundation Inc.** as at March 31, 2007 and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

July 3, 2007

THE BURIN PENINSULA HEALTH CARE FOUNDATION INC.

Balance Sheet

March 31, 2007

	2007	2006
Assets		
Current assets:		
Cash	$ 208,163	295,323
Variable rate GIC's	275,000	341,000
Total current assets	483,163	636,323
Equipment - net of accumulated amortization of $2,912 (2006 - $2,901)	90	101
	$ 483,253	636,424
Liabilities		
Current liabilities:		
Payable to Eastern Regional Integrated Health Authority:		
Operating	$ 29,804	36,034
Capital donations (Note 3)	-	291,189
Trust funds liability (Note 4)	153,098	122,506
Total current liabilities	182,902	449,729
Accrued severance pay	7,321	-
	190,223	449,729
Net assets		
Net assets, per accompanying statement (Note 6)	293,030	186,695
	$ 483,253	636,424

See accompanying notes

Approved:

Director

Director

Subject to the accompanying Auditors' Report

THE BURIN PENINSULA HEALTH CARE FOUNDATION INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2007	2007	2006
Revenue:		
Fundraising programs:		
Capital equipment	$ 176,446	393,942
50/50 lotto	8,534	10,921
Other donations	3,047	110,511
	188,027	515,374
Interest	4,317	6,554
	192,344	521,928
Expenditure:		
Donations (Note 5)	3,048	222,058
Fundraising programs	27,771	33,890
Salaries and benefits - net of recoveries	46,781	51,160
Administration	978	438
Amortization	10	300
Miscellaneous	100	-
	78,688	307,846
Excess of revenue over expenditure, before accrued severance pay	113,656	214,082
Accrued severance pay - net	7,321	-
Excess of revenue over expenditure (Note 6)	106,335	214,082
Net assets, beginning	186,695	(27,387)
Net assets, ending	$ 293,030	186,695

See accompanying notes

Subject to the accompanying Auditors' Report

THE BURIN PENINSULA HEALTH CARE FOUNDATION INC.

Statement of Cash Flow

Year ended March 31, 2007

	2007	2006
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$ 106,335	214,082
Amortization	10	300
	106,345	214,382
Changes in:		
Payables to Eastern Regional Integrated Health Authority	(297,419)	(10,038)
Trust funds liability	30,593	39,546
Accrued severance pay	7,321	-
Net increase in cash	(153,160)	243,890
Cash:		
Beginning	636,323	392,433
Ending	$ 483,163	636,323
Represented by:		
Cash	$ 208,163	295,323
Variable rate GIC's	275,000	341,000
	$ 483,163	636,323

See accompanying notes

Subject to the accompanying Auditors' Report

THE BURIN PENINSULA HEALTH CARE FOUNDATION INC.

Notes to the Financial Statements

March 31, 2007

1. **Nature of operations:**

The Foundation is a not-for-profit organization which raises funds to help the Eastern Regional Integrated Health Authority and is incorporated under the Corporations Act of Newfoundland and Labrador.

2. **Significant accounting policies:**

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on the cash basis.

Amortization

Amortization on equipment is recorded on the straight line basis at a rate of 10%.

3. **Payable to Eastern Regional Integrated Health Authority - capital donations:**

	2007	2006
Digital radiology	$ -	291,189

4. **Trust funds liability:**

	2007	2006
Burin	$ 9,828	7,660
Blue Crest	28,753	5,569
USM	3,163	3,801
Kidney dialysis	106,654	100,776
Eye care fund	4,700	4,700
	$ 153,098	122,506

5. **Donation expenditure:**

	2007	2006
Digital radiology	$ -	(16,818)
Bus - Blue Crest	512	107,466
Kidney dialysis	32	99,825
Eye care funds	-	4,700
Infant workstation	-	21,600
Infusion pump/furniture (chemo room)	-	4,193
Newborn hearing screening	-	-
Geriatric chair	-	-
Other	2,504	1,092
	$ 3,048	222,058

6. **Revenue and net asset deficiency:**

At times the Foundation is billed for donations for which it is committed, prior to fundraising being completed; consequently a deficiency may occur until the fundraising pledges are actually received.

7. **Income tax status:**

The Foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 June 2008

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 March

31 March	2008	2007
ASSETS		
Current		
Cash and short-term investments	$ 974,104	$ 1,205,481
Accounts receivable (Note 2)	427,020	277,572
Inventory	65,689	70,985
	1,466,813	1,554,038
Restricted cash (Note 3)	872,989	936,147
Capital assets (Note 4 and Note 5)	649,466	447,606
	$ 2,989,268	$ 2,937,791
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 565,527	$ 806,084
Accrued payroll	108,094	82,512
Accrued overtime and leave (Note 9)	235,229	-
Deferred revenue (Note 6)	847,989	911,147
	1,756,839	1,799,743
Severance pay liability (Note 9)	383,742	-
	2,140,581	1,799,743
Surplus	848,687	1,138,048
	$ 2,989,268	$ 2,937,791

Commitments (Note 8)

See accompanying notes

Signed on behalf of the Board of Directors: ______________ **Chairperson** ______________ **Member**

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2008	2007
REVENUES		
Province of Newfoundland and Labrador	$ 6,686,344	$ 6,368,349
Federal Government	247,654	533,584
Admissions revenue	330,344	290,465
Gift shop sales	219,335	140,863
Donations	113,756	102,940
Interest revenue	91,316	90,044
External funding	48,573	-
	7,737,322	7,526,245
EXPENSES		
Advertising	373,514	489,194
Amortization expense	119,563	72,374
Appraisals and acquisitions	141,051	473,876
Building expenses	1,797,471	2,051,673
Building readiness and moving	13,595	20,417
Conference and registration fees	16,658	38,176
Core programming	425,533	555,954
Cost of gift shop sales	121,094	86,976
Meeting expenses	75,104	137,380
Office equipment and supplies	111,849	87,402
Professional services	525,150	511,621
Salaries and benefits	4,044,803	3,017,853
Telecommunications and courier	85,506	55,458
Travel	175,792	186,220
	8,026,683	7,784,574
Excess of expenses over revenues	(289,361)	(258,329)
Surplus, beginning of year	1,138,048	1,396,377
Surplus, end of year	$ 848,687	$ 1,138,048

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2008	2007
Cash flows from operating activities		
Excess of expenses over revenues	$ (289,361)	$ (258,329)
Add non-cash items:		
Amortization expense	119,563	72,374
	(169,798)	(185,955)
Net change in non-cash working capital items	(187,056)	1,052,464
Recognition of severance pay liability	383,742	-
	26,888	866,509
Cash flows from investing activities		
Purchase of capital assets	(321,423)	(442,647)
Net change in restricted cash	63,158	(882,777)
	(258,265)	(1,325,424)
Decrease in cash	(231,377)	(458,915)
Cash and short-term investments, beginning of year	1,205,481	1,664,396
Cash and short-term investments, end of year	$ 974,104	$ 1,205,481

See accompanying notes

Authority

The Rooms Corporation of Newfoundland and Labrador (the Corporation) was established as a corporation under the *Rooms Act* on 19 May 2005. In accordance with the *Rooms Act*, the Corporation assumed title to and has been vested with all of the rights, liabilities, assets and property of The Rooms Corporation of Newfoundland and Labrador Inc. established as a corporation under the *Corporations Act* on 18 November 2002. The Corporation was established to: collect, preserve, present and make available for research historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the Province; conduct research with respect to the history, natural history, culture and heritage of the Province; collect and present provincial, national and international contemporary and historic art; advance and promote the works of contemporary visual artists of the Province; support the development of cultural industries in the Province; strengthen the culture of the Province; and provide and enhance client services and partnerships to promote the cultural collections of the Province and to show other national and international collections. The Corporation is an agent of the Crown. The affairs of the Corporation are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

Furniture and equipment - 7 years
Computer equipment and software - 3 years
Vehicles - 5 years

(b) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

(c) Severance pay

Severance pay vests with employees after nine years of uninterrupted service and accordingly no provision has been made in these financial statements for employees who have less than nine years of uninterrupted service with the Province. Severance pay, at the rate of one week's pay for each year of service up to a maximum of twenty weeks pay, is payable when the employee ceases employment with the Province.

2. Accounts receivable

	2008	2007
Province of Newfoundland and Labrador	$ **192,000**	$ 58,600
Harmonized sales tax	**135,144**	186,626
Government of Canada	**50,000**	-
Other	**49,876**	32,346
	$ **427,020**	$ 277,572

3. Restricted cash

The following funds, which have external conditions on their use, have been received and deposited with the Corporation's general funds and are reported in these financial statements as restricted cash.

	2008	2007
Department of Tourism, Culture and Recreation - Regional Museums Improvement	$ **430,154**	$ 515,000
Private Donor - Site Development	**100,000**	100,000
Private Donor - Social History Exhibit	**100,000**	-
Department of Education - Virtual Exhibits	**80,000**	155,178
Corporate Donor - Education and Outreach Program	**56,931**	83,333
Canada Council - Mary March Museum	**53,700**	-
Private Donor - Endowment Fund	**25,000**	25,000
International Grenfell Association	**12,593**	53,666
Government of Newfoundland and Labrador - Provincial Art Procurement	**7,502**	-
Irish Legacy Project	**5,509**	-
Private Donor – B-17 Bomber Exhibit	**1,600**	1,600
Private Donor - Photograph Exhibit	**-**	2,370
	$ **872,989**	$ 936,147

4. Capital assets

	2008			2007
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Furniture and equipment	**$ 647,941**	**$ 115,371**	**$ 532,570**	$ 324,092
Computer equipment and software	**217,100**	**157,935**	**59,165**	49,288
Vehicles	**82,473**	**24,742**	**57,731**	74,226
Capital assets transferred to the Corporation (Note 5)	**1**	**1**	**-**	-
	$ 947,515	**$ 298,049**	**$ 649,466**	$ 447,606

These financial statements do not include the value of "The Rooms" building which contains the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. Ownership of the building, which cost $49.3 million to construct, is held by the Minister of Transportation and Works on behalf of the Province.

5. Capital assets transferred to the Corporation

During 2003-04, The Rooms Corporation of Newfoundland and Labrador Inc. assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. These assets have now been transferred to the Corporation. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as $1 and the accumulated amortization has been recorded at $1.

6. Deferred revenue

The following funds have been received by the Corporation. Since the conditions relating to their use have not been met, recognition of the revenues has been deferred and the funds are recorded as restricted.

	2008	**2007**
Deferred revenue - Provincial	**$ 517,656**	$ 670,177
Deferred revenue - Other	**276,633**	240,970
Deferred revenue - Federal	**53,700**	-
	$ 847,989	$ 911,147

7. Related party transactions

The Corporation is administered as a division of the Department of Tourism, Culture and Recreation. Expenses related to salaries and benefits totalling $3,174,251 (2007 - $2,802,969) are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

8. Commitments

The Corporation has entered into facility maintenance contracts representing commitments of $487,618 for work which was not performed as of 31 March 2008. Of these total commitments, $215,760 relates to work that will be performed by 31 March 2009 and the remaining $271,858 is for long-term commitments.

9. Change in the recognition of the cost of human resources

In previous years the Corporation recognized and reported that it was administered by employees of the Department of Tourism, Culture and Recreation and that salaries and other costs of operations were paid directly by the Department and were recorded by the Corporation as a grant.

During the current year, the Corporation recognized that, while it is administered as a division of the Department of Tourism, Culture and Recreation, its staff are employees of the Corporation. Therefore, for the first time, any accrued liabilities relating to accrued overtime, leave, and severance pay, are recognized in the financial statements of the Corporation. Because this was a policy change the Corporation has accounted for this change prospectively.

10. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

There is no credit risk associated with the Corporation's accounts receivable because the accounts are primarily due from the Federal and Provincial governments. Therefore, no allowance has been provided against these receivables.

11. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue operations is dependent upon the decisions of Government.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Deloitte

Financial Statements of

WATERFORD FOUNDATION INC.

March 31, 2007

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
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Auditors' Report

To the Members of the Board of Directors
Health Care Foundation

We have audited the statement of financial position of the Waterford Foundation Inc. as at March 31, 2007 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 5, 2007

WATERFORD FOUNDATION INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2007

	2007 $	2006 $
REVENUE		
Ever Green Recycling (Schedule 1)	**1,214,852**	1,006,643
Mill Lane Enterprises (Schedule 2)	**207,311**	258,544
	1,422,163	1,265,187
EXPENDITURES		
Ever Green Recycling (Schedule 1)	**1,204,890**	989,093
Mill Lane Enterprises (Schedule 2)	**74,080**	91,029
	1,278,970	1,080,122
EXCESS OF REVENUE OVER EXPENDITURES	**143,193**	185,065
NET ASSETS, BEGINNING OF YEAR	**1,517,427**	1,332,362
NET ASSETS, END OF YEAR	**1,660,620**	1,517,427

WATERFORD FOUNDATION INC.

Statement of Financial Position

March 31, 2007

	2007 $	2006 $
ASSETS		
CURRENT		
Cash and term deposits	**779,094**	1,571,772
Accounts receivable	**34,491**	45,034
Prepaid expense	**7,965**	-
Inventories	**8,967**	8,044
	830,517	1,624,850
CAPITAL ASSETS (Note 3)	**1,313,434**	154,633
INTANGIBLE ASSETS	**984**	1,475
	2,144,935	1,780,958
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**369,906**	200,048
Due to Eastern Regional Health Authority	**110,571**	58,411
	480,477	258,459
DEFERRED CAPITAL CONTRIBUTIONS	**3,838**	5,072
	484,315	263,531
NET ASSETS		
Net assets	**1,660,620**	1,517,427
	1,660,620	1,517,427
	2,144,935	1,780,958

Commitments (Note 6)

APPROVED ON BEHALF OF THE BOARD:

_______________ Director

_______________ Director

WATERFORD FOUNDATION INC.
Statement of Cash Flows
Year ended March 31, 2007

	2007 $	2006 $
OPERATING ACTIVITIES		
Excess of revenue over expenditures	143,193	185,065
Adjustments for:		
Amortization	56,889	39,854
Loss on disposal of capital assets	3,312	-
Amortization of deferred capital contributions	(1,234)	(804)
Changes in non-cash operating working capital (Note 5)	223,673	126,485
	425,833	350,600
INVESTING ACTIVITIES		
Purchase of capital assets	(1,222,209)	(41,477)
Proceeds from disposal of capital assets	3,698	-
	(1,218,511)	(41,477)
NET CHANGE IN CASH AND TERM DEPOSITS	(792,678)	309,123
CASH AND TERM DEPOSITS, BEGINNING OF YEAR	1,571,772	1,262,649
CASH AND TERM DEPOSITS, END OF YEAR	779,094	1,571,772
CASH AND TERM DEPOSITS ARE COMPRISED OF:		
Cash and cash equivalents	251,783	303,672
Term deposits	527,311	1,268,100
	779,094	1,571,772

1. DESCRIPTION OF BUSINESS

The Waterford Foundation Inc. ("the Foundation") is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs and manages the operations of the Foundation.

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

The following revenue recognition policies have been adopted:

a) Recycling revenue is recognized throughout the capturing, processing, packaging and shipping phases of the recycling operation.
b) Mill Lane revenues (woodworking and textile sales) are recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.
c) Grant revenue is recognized when related expenditures have been incurred.
d) Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received.
e) Rent revenue is recognized in accordance with the terms of the lease agreement and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats, deposits with banks, net of overdrafts and short-term investments.

Inventories

Inventories are valued at the lower of cost and net realizable value.

2. ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	30%, declining balance
Computer equipment	30%, declining balance
IT system	10%, declining balance

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over a period of five years

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the following rates per annum:

Computer equipment	30%, declining balance

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reporting amounts of revenue and expenses during the year. Actual results could differ from these estimates.

WATERFORD FOUNDATION INC.

Notes to the Financial Statements

March 31, 2007

3. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Leasehold improvements	189,923	189,923	-	9,308
Motor vehicles	112,066	37,779	74,287	41,674
Equipment	157,094	85,042	72,052	49,892
Computer equipment	59,662	23,228	36,434	4,112
IT system	65,492	4,976	60,516	34,020
Building	820,145	-	820,145	15,627
Land	250,000	-	250,000	-
	1,654,382	340,948	1,313,434	154,633

Amortization will not being taken on the building until it is fully operational.

4. GRANTS/SUBSIDIES TO EASTERN HEALTH CLIENTS

The Foundation is currently paying a subsidy of $11,165 a month (2006 - $11,167) to the Eastern Regional Health Authority, as a contribution towards the cost of the work therapy programs.

5. SUPPLEMENTAL CASH FLOW INFORMATION

	2007	2006
	$	$
Change in non-cash operating working capital		
Accounts receivable	10,543	18,466
Prepaid expense	(7,965)	-
Inventories	(923)	14,649
Accounts payable and accrued liabilities	169,858	90,442
Due to Eastern Regional Health Authority	52,160	5,428
Deferred contributions	-	(2,500)
	223,673	126,485
Interest received	34,608	34,636

Restricted cash and cash equivalents

Cash and cash equivalents in the amount of $45,983 (2006 - $44,744) is restricted for various programs at the Waterford Hospital.

6. COMMITMENTS

The Foundation has also entered into commitments for the lease of space, which will result in the following future expenditures:

	$
2008	**93,692**
2009	**95,749**
2010	**75,182**
2011	**71,069**
2012	**71,069**

7. RELATED PARTY TRANSACTIONS

The Foundation provides support to the Eastern Regional Health Authority to assist with the provision of certain services and programs for mental health program clients.

Transactions between these related parties are measured at their exchange value.

8. FINANCIAL INSTRUMENTS

The carrying values of the Foundation's financial instruments approximate fair value due to the short-term maturity of those instruments.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE 1

WATERFORD FOUNDATION INC.
EVER GREEN RECYCLING DIVISION
Schedule of Revenue and Expenditures

Year ended March 31, 2007

	2007 $	2006 $
REVENUE		
Recycling - beverage containers	**2,095,012**	1,933,342
Cost of goods sold	**1,283,283**	1,158,803
	811,729	774,539
Recycling - products	**114,262**	61,149
Rent	**92,449**	-
Other	**76,779**	73,357
Evergreen donations	**58,141**	-
Recycling - other	**39,797**	32,380
Grant revenue	**14,682**	61,858
School tender	**7,013**	-
Cowan theft	-	3,360
	1,214,852	1,006,643
EXPENDITURES		
Salaries and benefits	**351,428**	267,223
Office	**225,679**	191,909
Business development	**131,215**	21,404
Recycling - supplies purchased	**97,445**	53,154
Amortization	**56,889**	39,854
Property management - new building	**35,044**	34,213
Recycling donation	**51,632**	-
Marketing and communication	**18,567**	54,579
Loss on disposal of capital assets	**3,312**	-
Grant	-	7,600
	971,211	669,936
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEM	**243,641**	336,707
GRANTS/SUBSIDIES TO EASTERN HEALTH CLIENTS	**233,679**	319,157
EXCESS OF REVENUE OVER EXPENDITURES	**9,962**	17,550

SCHEDULE 2

WATERFORD FOUNDATION INC.
MILL LANE ENTERPRISES DIVISION
Schedule of Revenue and Expenditures
Year ended March 31, 2007

	2007 $	2006 $
REVENUE		
Textiles	**109,810**	143,612
Woodworking	**94,708**	109,511
Art	**2,793**	5,421
	207,311	258,544
EXPENDITURES		
Textiles	**65,285**	76,279
Woodworking	**4,067**	9,342
Art	**4,728**	5,408
	74,080	91,029
EXCESS OF REVENUE OVER EXPENDITURES	**133,231**	167,515

GrantThorton

Financial Statements

Western Regional Health Authority

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
49-51 Park Street
Corner Brook, NL
A2H 2X1

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To the Board of Trustees of

Western Regional Health Authority

We have audited the statement of financial position of the Western Regional Health Authority as at March 31, 2008 and the statements of changes in deficiency, statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Corner Brook, Newfoundland and Labrador

June 16, 2008

Chartered Accountants

Western Regional Health Authority

Statement of financial position

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 168,454	$ 181,679
Receivables (Note 3)	12,368,400	8,812,476
Inventory	3,363,852	3,355,248
Prepaid expenses	5,589,056	5,233,006
	21,489,762	17,582,409
Due from associated funds (Note 4)	540,627	411,847
Capital assets (Note 5)	61,234,871	57,767,291
Trust funds on deposit	511,690	513,787
Restricted cash and investments	135,499	137,806
	$ 83,912,449	$ 76,413,140
Liabilities		
Current		
Bank indebtedness (Note 6)	$ 13,697,073	$ 15,905,642
Payables and accruals	24,471,886	22,732,279
Deferred contributions – operating	3,338,084	3,747,283
Deferred contributions - capital	8,052,198	4,903,868
Vacation pay accrual	7,667,852	6,739,776
Current portion of severance pay accrual	1,500,000	1,000,000
Current portion of long term debt (Note 7)	785,600	822,100
	59,512,693	55,850,948
Severance pay accrual	22,633,517	22,616,982
Trust funds payable	511,690	513,787
Long term debt (Note 7)	5,195,960	5,987,635
Deferred contributions		
– unamortized portion of capital asset grants	51,615,494	47,097,207
	139,469,354	132,066,559
Net assets (deficiency)		
Net assets invested in capital assets	3,637,813	3,860,344
Restricted net assets, endowments	137,134	136,305
Unrestricted deficiency (Note 8)	(59,331,852)	(59,650,068)
	(55,556,905)	(55,653,419)
	$ 83,912,449	$ 76,413,140

Contingencies and commitments (Note 10)

On behalf of the Board

M Moore Member

Member

Western Regional Health Authority

Statement of changes in deficiency

March 31

				2008	2007
	Unrestricted	**Capital**	**Endowments (Restricted)**	**Total**	Total
Net assets (deficiency), Beginning of year	$ (59,650,068)	$ 3,860,344	$ 136,305	**$ (55,653,419)**	$ (54,982,075)
Prior period Adjustment (Note 11)	-	-	-	**-**	(283,012)
Balance restated	(59,650,068)	3,860,344	136,305	**(55,653,419)**	(55,265,087)
Operating surplus	96,514	-	-	**96,514**	(388,332)
Principal repayment of long term debt	(155,235)	155,235	-	-	-
Principal repayment of capital lease	(586,623)	586,623	-	-	-
Restricted interest income	(829)	-	829	-	-
Amortization of capital assets					
Shareable	741,858	(741,858)	-	-	-
Non-shareable	5,736,764	(5,736,764)	-	-	-
Non-shareable interest on capital lease	1,723	(1,723)	-	-	-
Amortization of capital asset grants	(5,515,956)	5,515,956	-	-	-
Net assets (deficiency), end of year	$ (59,331,852)	$ 3,637,813	$ 137,134	**$ (55,556,905)**	$ (55,653,419)

See accompanying notes to the financial statements.

Western Regional Health Authority

Statement of operations

Year ended March 31	2008	2007
Revenue		
Provincial plan	$ 208,206,193	$ 193,789,444
Other	41,163,301	37,029,789
	249,369,494	230,819,233
Expenditures		
Administration	19,172,701	18,068,877
Support services	46,169,414	41,110,694
Nursing inpatient services	61,892,769	58,297,376
Medical services	16,408,008	16,043,159
Ambulatory care services	18,232,413	16,700,675
Diagnostic and therapeutic services	23,492,806	22,055,043
Community and social services	55,678,414	49,778,627
Educational services	3,845,049	4,059,208
Undistributed	1,972,407	2,095,251
	246,863,981	228,208,910
Operating surplus before shareable amortization and non-shareable items	2,505,513	2,610,323
Shareable amortization	741,858	696,576
Operating surplus for government reporting before non-shareable items	1,763,655	1,913,747
Adjustments for non-shareable items		
Amortization expense	5,736,764	5,978,897
Accrued vacation expense – increase	928,076	702,018
Accrued severance expense – increase	516,535	1,354,520
Non shareable interest on capital lease	1,723	18,169
Amortization of deferred capital equipment grants	(5,515,957)	(5,751,525)
	1,667,141	2,302,079
Surplus (deficit) on operations	$ 96,514	$ (388,332)

Western Regional Health Authority

Statement of cash flows

Year ended March 31

	2008	2007
Decrease in cash and cash equivalents		
Operating		
Operating surplus (deficit)	$ **96,514**	$ (388,332)
Increase in severance and vacation pay accrual	**1,444,611**	2,056,538
Amortization of capital assets - shareable	**5,736,764**	5,978,897
Amortization of capital assets – non-shareable	**741,858**	696,575
Amortization of capital asset grants	**(5,515,957)**	(5,751,525)
Loss on sale of capital assets	**-**	597
	2,503,790	2,592,750
Changes in		
Receivables	**(3,555,924)**	(4,728,867)
Inventory	**(8,604)**	(34,330)
Prepaid expenses	**(356,050)**	(1,696,202)
Due from associated funds	**(128,780)**	286,034
Deferred contributions - operating	**(409,199)**	1,331,553
Payables and accruals	**1,739,607**	3,141,360
	(215,160)	892,298
Financing		
Increase in bank indebtedness	**(2,208,569)**	(4,479,456)
Capital contributions	**13,182,574**	7,346,420
Repayment of long term debt – operating	**(741,858)**	(696,575)
Repayment of long term debt - capital	**(86,317)**	(193,215)
	10,145,830	1,977,174
Investing		
Purchase of capital assets	**(9,946,202)**	(3,638,894)
Disposal of capital assets	**-**	11,995
Decrease (increase) in restricted cash and investments	**2,307**	(3,564)
	(9,943,895)	(3,630,463)
Net decrease in cash and cash equivalents	**(13,225)**	(760,991)
Cash and cash equivalents		
Beginning of year	**181,679**	942,670
End of year	$ **168,454**	$ 181,679

Western Regional Health Authority

Notes to the financial statements

March 31, 2008

1. Nature of operations

The Western Regional Health Authority ("Western Health") is constituted under the Regional Health Authority's Act (formerly known as the Hospital's Act) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities as well as community health services in the western region of the Province of Newfoundland and Labrador.

Western Health is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include the assets, liabilities, revenues, and expenditures of the operating fund.

Fund accounting

The Authority applies fund accounting principles in recording its financial transactions in the operating fund or net investment in capital assets.

The operating fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the operating fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The net investment in capital assets represents assets purchased for the use of the operating fund.

Use of estimates

In preparing Western Health's financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits, with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventory

Inventory is valued at average cost.

2. Summary of significant accounting policies (cont'd)

Capital assets

Western Health has control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of Western Health. Capital assets acquired after January 1, 1996 are recorded at cost. Assets are not amortized until placed in use. Assets that are acquired through long term borrowing are amortized at an amount equal to the annual principal repayment of the debt obligation. The remaining assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	6 ¼%
Parking lot	6 ¼%
Equipment	15%
Equipment under capital lease	15%
Motor vehicles	20%
Leasehold Improvements	20%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance and vacation pay liability

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

2. Summary of significant accounting policies (cont'd)

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

The Authority reviews outstanding receivables at least annually and provides an allowance for receivables where collection has become questionable.

Pension costs

Employees of Western Health are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Authority's year end March 31, 2008.

2. Summary of significant accounting policies (cont'd)

(ii) Financial instruments

On April 1, 2007, the Authority implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior years.

Section 3855, "Financial Instruments - Recognition and Measurement", requires the Authority to revalue all of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Authority to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Authority's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Due from associated funds	Loans and receivables	Amortized cost
Trust funds on deposit	Held for trading	Fair value
Restricted cash and investments	Held for trading	Fair value
Bank indebtedness	Held for trading	Fair value
Payables and accruals	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost
Trust funds payable	Held for trading	Fair value

Other balance sheet accounts, such as inventory, prepaid expenses, capital assets, and deferred contributions are not within the scope of the new accounting standards as they are not financial instruments.

2. Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the new standard, management reviewed contracts entered into or modified subsequent to April 1, 2003 and determined that the Authority does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Authority would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Financial instruments - disclosure and presentation

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Authority's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

Future changes in accounting policies

(i) Inventories

In March 2007, the CICA issued section 3031 "Inventories", which has replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for financial statements relating to fiscal years beginning on or after January 1, 2008.

(ii) Financial Instruments – Disclosure and Financial Instruments - Presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. Theses standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Authority does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Receivables

	2008	2007
Province of Newfoundland and Labrador		
Capital contributions	$ **4,938,819**	$ 507,381
Provincial plan	**1,580,116**	2,290,404
MCP	**1,739,094**	1,964,543
Patient services	**1,287,130**	1,374,484
Employees' pay and travel advances	**550,662**	580,089
Harmonized sales tax rebate	**709,610**	386,971
Other	**1,562,969**	1,708,604
	$ **12,368,400**	$ 8,812,476

4. Due from associated funds

	2008	2007
Cottages	$ **498,153**	$ 262,350
Foundations	**42,474**	149,497
	$ **540,627**	$ 411,847

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

5. Capital assets

2008

	Cost	Accumulated Depreciation	Net Book Value
Land	$ **674,808**	$ **-**	$ **674,808**
Land improvements	**147,791**	**71,230**	**76,561**
Buildings	**48,650,757**	**20,169,172**	**28,481,585**
Parking lot	**1,164,080**	**693,316**	**470,764**
Equipment	**77,793,078**	**49,105,376**	**28,687,702**
Equipment under capital lease	**7,162,767**	**4,578,623**	**2,584,144**
Motor vehicles	**726,005**	**510,923**	**215,082**
Leasehold improvements	**232,458**	**188,233**	**44,225**
	$ **136,551,744**	$ **75,316,873**	$ **61,234,871**

5. Capital assets (cont'd)

2007

	Cost	Accumulated Depreciation	Net Book Value
Land	$ 674,808	$ -	$ 674,808
Land improvements	147,791	69,267	78,524
Buildings	47,939,215	18,471,594	29,467,621
Parking lot	1,164,080	667,270	496,810
Equipment	68,589,944	45,127,428	23,462,516
Equipment under capital lease	7,162,767	3,864,420	3,298,347
Motor vehicles	694,478	461,095	233,383
Leasehold improvements	232,458	177,176	55,282
	$ 126,605,541	$ 68,838,250	$ 57,767,291

6. Bank indebtedness

The Authority has access to a line of credit with the Bank of Montreal in the amount of $24,500,000 (2007 - $26,000,000) in the form of revolving demand loans and/or bank overdrafts at its financial institution. The authorization to borrow has been approved by the Minister of Health and Community Services. The balance outstanding in this line of credit at March 31, 2008 is $13,697,073. Interest is being charged at prime less 0.5% on any overdraft (March 31, 2008 4.75%; March 31, 2007 – 5.5%).

7. Long term debt

	2008	2007
4.28% mortgage on the Bay St. George Seniors Home, maturing in 2021, payable in blended monthly payments of $13,544	$ **1,639,200**	$ 1,730,219
8% mortgage on the Bay St. George Seniors Home, maturing in 2026, payable in blended monthly payments of $9,523	**1,115,137**	1,140,343
7.875% mortgage on the Corner Brook Interfaith Home, maturing in 2022, repayable in blended monthly payments of $6,056	**620,340**	643,809
4.56% mortgage on the Woody Point Clinic, maturing in 2020, repayable in blended monthly payments of $2,304	**256,553**	272,094

7. Long term debt (cont'd)

	2008	2007
Obligations under capital lease, 5.83%, maturing in 2011, payable in blended monthly payments of $61,855	**2,350,330**	2,936,953
Obligations under capital lease, repaid during the year	**-**	86,317
	5,981,560	6,809,735
Less: Current portion	**785,600**	822,100
	$ 5,195,960	$ 5,987,635

As security for the mortgages, Western Health has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home, the Bay St. George Senior Citizens Home and Woody Point Clinic.

As security for the capital leases Western Health has provided specific capital equipment having a net book value of $2,584,144 (2007 - $3,298,347).

8. Unrestricted deficiency

	2008	2007
Accumulated operating deficit	**$ 27,530,483**	$ 29,293,310
Accrued severance pay	**24,133,517**	23,616,982
Accrued vacation pay	**7,667,852**	6,739,776
	$ 59,331,852	$ 59,650,068

9. Obligations under long term debt and leases

Western Health has acquired building additions and equipment under the terms of long term debt and capital leases. Payments under these obligations, scheduled to expire at various dates to 2013, are as follows:

Fiscal year ended	
2009	$ 785,600
2010	833,900
2011	883,200
2012	559,100
2013	204,600
	3,266,400
Less: Current portion	785,600
	$ 2,480,800

10. Contingencies and commitments

Claims

As of March 31, 2008, there were a number of claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claim, if successful, will be covered by liability insurance.

Operating leases

Western Health has a number of agreements whereby it leases vehicles and office equipment, in addition to those disclosed under Note 9. These agreements range in terms from five to ten years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are estimated as follows:

Fiscal year ended

2009	$	400,000
2010	$	400,000
2011	$	400,000
2012	$	400,000
2013	$	400,000

Capital assets

During the year, the Authority entered into a contract with Toshiba for the purchase and installation of two CT Scanners. At year end, the Authority still has a commitment to pay $2,372,101 once the equipment is installed.

11. Prior period adjustment

The Operating Fund and the Board Fund integrated during the prior year. As a result, the authority changed its accounting policy with respect to the Board Fund relating to donations for various projects or specific purposes that were previously recorded in the Statement of Operations. The Authority changed its accounting policy to record these donations as deferred contribution operating until such time the funds have been expended for the required purpose. The actual donations were identified and reclassified accordingly. The following accounts have been reclassified:

		Increase		Decrease
Unrestricted deficiency	$	**283,012**	$	-
Deferred contribution – operating	$	**283,012**	$	-
Other revenue	$	-	$	19,310
Administration and support services	$	-	$	15,897

12. Comparative figures

Certain of the prior year comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Western Regional Health Authority
Expenditures – operating/shareable
Schedule I

Year ended March 31	2008	2007
Administration		
General administration	$ 8,203,798	$ 7,214,507
Finance	2,374,339	2,590,514
Personnel services	2,758,086	2,409,587
System support	1,618,054	1,708,254
Other administrative	4,218,424	4,146,015
	19,172,701	18,068,877
Support services		
Housekeeping	7,387,980	7,067,496
Laundry and linen	2,194,199	2,073,044
Plant services	15,845,282	13,308,264
Patient food services	10,145,901	9,297,980
Other support services	10,596,052	9,363,910
	46,169,414	41,110,694
Nursing inpatient services		
Nursing inpatient services – acute	39,876,168	37,432,382
Medical services	16,408,008	16,043,159
Nursing inpatient services – long term care	22,016,601	20,864,994
	78,300,777	74,340,535
Ambulatory care services	18,232,413	16,700,675
Diagnostic and therapeutic services		
Clinical laboratory	7,452,118	6,976,173
Diagnostic imaging	6,514,994	6,076,404
Other diagnostic and therapeutic	9,525,694	9,002,466
	23,492,806	22,055,043

Western Regional Health Authority

Expenditures – operating/shareable

Schedule I (cont'd)

Year ended March 31	2008	2007
Community and social services		
Mental health and addictions	**3,861,327**	3,656,761
Community support programs	**28,832,624**	25,364,704
Family support programs	**13,418,482**	11,655,232
Community youth corrections program	**2,352,018**	2,730,553
Health promotion and protection program	**7,213,963**	6,371,377
	55,678,414	49,778,627
Education	**3,845,049**	4,059,208
Undistributed	**1,972,407**	2,095,251
Shareable amortization	**741,858**	696,576
Total expenditures	**$ 247,605,839**	$ 228,905,486

Western Regional Health Authority

Revenue and expenditures for government reporting

Operating fund

Schedule II

Year ended March 31	2008	2007
Revenue		
Provincial plan	$ **208,206,193**	$ 193,789,444
MCP physician	**13,642,719**	12,830,232
ELCC	**1,325,244**	968,570
NCB	**1,361,902**	1,181,263
ECD	**404,711**	421,028
Inpatient	**1,987,353**	1,617,282
Outpatient	**1,114,398**	1,426,334
LTC resident	**6,945,209**	6,975,653
Mortgage interest subsidy	**40,507**	48,230
Food service	**2,548,292**	2,005,831
Other recoveries	**7,740,476**	7,466,903
Other	**4,052,490**	2,088,463
Total revenue	**249,369,494**	230,819,233
Expenditures		
Worked and benefit salaries and contributions	**131,486,723**	123,577,599
Benefit contributions	**23,026,509**	21,658,683
	154,513,232	145,236,282
Supplies – plant operations and maintenance	**6,057,335**	5,565,636
Supplies – drugs	**7,340,267**	7,247,780
Supplies – medical and surgical	**8,044,325**	7,547,743
Supplies – other	**12,424,275**	10,723,875
	33,866,202	31,085,034
Direct client costs – mental health and addictions	**50,677**	25,677
Direct client costs – community support	**21,136,157**	19,462,099
Direct client costs – family support	**6,573,948**	5,902,031
Direct client costs – community youth corrections	**38,580**	97,284
	27,799,362	25,487,091
Other shareable expenses	**30,308,643**	25,972,117
Long term debt – interest	**221,194**	239,748
Long term debt – principal	**155,235**	142,664
Capital lease – interest	**155,348**	188,639
Capital lease – principal	**586,623**	553,911
	1,118,400	1,124,962
Total expenditures	**247,605,839**	228,905,486

Western Regional Health Authority
Revenue and expenditures for government reporting
Operating fund
Schedule II (cont'd)

Year ended March 31	2008	2007
Operating surplus for government reporting	1,763,655	1,913,747
Long term debt - principal	155,235	142,665
Capital lease – principal	586,623	553,911
Surplus inclusive of other operations	2,505,513	2,610,323
Shareable amortization	741,858	696,576
Surplus before non-shareable items	1,763,655	1,913,747
Non-shareable items		
Amortization expense	5,736,764	5,978,897
Accrued vacation expense increase	928,076	702,018
Accrued severance expense - increase	516,535	1,354,520
Non-shareable interest on capital lease	1,723	18,169
Amortization of deferred capital equipment grants	(5,515,957)	(5,751,525)
	1,667,141	2,302,079
Surplus (deficit) inclusive of non-shareable items	$ 96,514	$ (388,332)

Western Regional Integrated Health Authority
Funding and expenditures for government reporting
Capital transactions
Schedule III

Year ended March 31	2008	2007
Sources of funds		
Provincial capital equipment grant in current year	$ 10,935,191	$ 3,888,874
Provincial facility capital grant in current year	2,760,000	2,815,052
Add: deferred capital grant from prior year	4,903,868	1,582,297
Less: deferred capital grant from current year	(8,052,198)	(4,903,868)
	10,546,861	3,382,355
Other contributions		
Foundations, auxiliaries and other	726,053	642,494
Total funding	11,272,914	4,024,849
Expenditures		
Asset, building and land	856,655	1,198,043
Asset, equipment	9,089,547	2,440,851
Expense, facilities, repair and maintenance	1,238,670	-
	11,184,872	3,638,894
Other expenditures		
Repayment of capital lease	88,042	211,384
Total expenditures	11,272,914	3,850,278
Surplus on capital purchases	$ -	$ 174,571

Western Regional Health Authority
Accumulated operating deficit for government reporting
Schedule IV

Year ended March 31	2008	2007
Accumulated operating deficit		
Current assets		
Cash and cash equivalents	$ 168,454	$ 181,679
Accounts receivable	12,368,400	8,812,476
Inventory	3,363,852	3,355,248
Prepaid expenses	5,589,056	5,233,006
Due from associated funds	540,627	411,847
Other	(1,630)	1,506
Total current assets	22,028,759	17,995,762
Current liabilities		
Bank indebtedness	13,697,073	15,905,642
Accounts payable and accrued liabilities	24,471,886	22,732,279
Deferred contributions – operating	3,338,084	3,747,283
Deferred contributions - capital	8,052,199	4,903,868
Total current liabilities	49,559,242	47,289,072
Accumulated operating deficit	$ (27,530,483)	$ (29,293,310)
Reconciliation of operating deficit – operating fund only		
Accumulated operating deficit – Beginning of year	$ (29,293,310)	$ (31,387,901)
Add: Net operating income/loss per schedule II	1,763,655	1,913,747
Add: Net surplus/deficit on capital purchases per schedule III	-	174,571
Add: Restricted interest income	(828)	(6,322)
Less: Net book value on disposed asset	-	12,595
Accumulated operating deficit –end of year	$ (27,530,483)	$ (29,293,310)

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Financial Statements
March 31, 2008

TODD R. P. LEE
CHARTERED ACCOUNTANT

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Bay St. George Senior Citizens Home – 30 unit cottages, as at March 31, 2008, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottages management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Bay St. George Senior Citizens Home – 30 unit cottages as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 9, 2008

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Revenue and Expenses
For the Year Ended March 31,2008

	2008	2007
Revenue		
Rentals	$ 176,616	$ 182,351
CMHC subsidy (Note 5)	59,930	60,191
	236,546	242,542
Expenses		
Administration	3,996	3,996
Allocation to replacement reserve fund (Note 2)	11,545	11,545
Depreciation	75,090	71,565
Heat and light	52,791	50,218
Insurance	1,847	1,516
Inspections	1,504	-
Interest on long term debt	44,209	47,820
Municipal tax	16,874	16,874
Professional fees	1,390	1,231
Repairs and maintenance	11,912	8,298
Salaries – repairs and maintenance	27,605	12,727
	248,763	225,790
Net earnings (loss)	$ (12,217)	$ 16,752

See accompanying notes to the financial statements

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Balance Sheet
March 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents (Note 1)	$ 15,850	$ 24,441
Receivables	6,101	971
HST receivable	5,562	4,148
Due from Replacement Reserve fund	2,551	714
Prepaid expenses	12,656	12,656
	42,720	42,930
Replacement reserve fund (Note 2)	7,783	9,409
Property and equipment (Note 3)	915,319	990,409
	$ 965,822	$ 1,042,748
Liabilities		
Current		
Payables and accruals	$ 187,715	$ 176,058
Security deposits	3,400	3,050
Current portion of long term debt	78,900	75,000
	270,015	254,108
Long term debt (Note 4)	839,225	918,215
	1,109,240	1,172,323
Net Assets		
Net assets restricted for replacement reserve purposes	7,783	9,409
Contributed Surplus	1,142	1,142
Deficit	(152,343)	(140,126
	(143,418)	(129,575)
	$ 965,822	$ 1,042,748

On behalf of the Board

_____________ Member _____________ Member

See accompanying notes to the financial statements.

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Cash Flows
Year Ended March 31,2008

	2008	2007
Cash and cash equivalents derived from (applied to):		
Operating		
Net Income/(loss)	$ (12,217)	$ 16,752
Depreciation	75,090	71,565
	62,873	88,317
Changes in		
Receivables	(8,381)	12,258
Payables and accruals	11,657	(42,814)
Security deposits	350	50
	66,499	57,811
Financing		
Reduction of long-term debt	(75,090)	(71,565)
Net (decrease) increase in cash and cash equivalents	(8,591)	(13,754)
Cash and cash equivalents		
Beginning of year	24,441	38,195
End of year	$ 15,850	$ 24,441
Interest paid	$ 44,596	$ 48,382

See accompanying notes to the financial statements

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Statement of Changes in Net Assets
For the Year Ended March 31, 2008

	Restricted for replacement reserve purposes	Contributed Surplus	Deficit	2008 Total	2007 Total
Balance, beginning of year	$ 9,409	$ 1,142	$(140,126)	$(129,575)	$(157,340)
Transfer for the year	11,545	-	-	11,545	11,545
Net earnings (loss)	-	-	(12,217)	(12,217)	(16,752)
Expense paid during the year	(14,177)	-	-	(14,177)	(2,913)
Interest	1,006	-	-	1,006	2,381
Balance, end of year	$ 7,783	$ 1,142	$(152,343)	$(143,418)	$(153,340)

See accompanying notes to the financial statements

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Notes to Financials
March 31, 008

1. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short term deposits. Bank borrowings are considered financing activities.

Depreciation

Depreciation is provided on the buildings, furniture, and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal reduction of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited in the amount of $11,545 annually until it accumulates to $115,450 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year-end, the amounts in the reserve consisted of the following:

	2008	2007
Segregated cash	$ 10,334	10,124
Payable to operating	(2,551)	(715)
	$ 7,783	$ 9,409

Western Regional Health Authority
Bay St. George Senior Citizens Home
30 Unit Cottages
Notes to Financials
March 31, 2008

3. Property and equipment

	Cost	Accumulated Depreciation	2008 Net Book Value	2007 Net Book Value
Land improvements	$ 91,781	$ -	$ 91,781	$ 91,781
Buildings	1,378,446	590,553	787,893	859,980
Equipment	60,039	24,394	35,645	38,648
	$ 1,530,266	$ 614,947	$ 915,319	$ 990,409

4. Long term debt

	2008	2007
4.63% CMHC loan maturing in 2012, repayable in monthly principal and interest instalments of $9,952, amortized to 2017	$ 918,125	$ 993,215
Less: current portion	78,900	75,000
	$ 839,225	$ 918,215

As security, the home provided a mortgage on the building known as Block A, Stephenville Crossing.

Principal payments over the next five years are as follows: 2009 - $78,900; 2010 - $$82,700; 2011 - $86,700; 2012 - $90,800; 2013 - $95,100

5. CMHC subsidy

Bay St. George Senior Citizens Home – 30 Unit Cottages has received federal assistance through CMHC pursuant to the National Housing Act. The assistance, paid by NLHC, their agent, is intended t reduce operating expenses enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $59,930 (2007- $60,191).

6. Related party transaction

i) The financial statements include a payable to the Western Regional Health Authority of $165,188 (2006 - $155,025).

ii) Administration fees and repairs and maintenance salaries have been paid to Western Regional Health Authority.

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Auditors' Confirmation

Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Bay St. George Senior Citizens Home – 30 unit cottages as at March 31, 2008 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat monthly charge.

With reference to the Statement of Changes in Net Assets presented in the financial statements for the year ended March 31, 2008, the replacement reserve has been fully funded and maintained. All interest accruing to this fund has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 9, 2008

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Financial Statements
March 31, 2008

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Gateway Cottages Association – Cottages Project, as at March 31, 2008, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottage Project's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Cottage Project as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 9, 2008

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Revenue and Expenses
For the Year Ended March 31, 2008

	2008	2007
Revenue		
Rent	$ 120,200	$ 120,675
CMHC subsidy (Note 5)	23,425	23,425
Other	85	
	143,710	144,100
Expenses		
Allocation to replacement reserve fund	1,164	11,352
Depreciation	47,610	45,619
Heat and light	34,387	33,689
Insurance	1,550	1,070
Interest and bank charges	527	392
Interest on long term debt	30,757	32,597
Municipal tax	10,823	11,667
Professional fees	1,311	1,311
Snowclearing	2,483	904
Repairs and maintenance	18,582	7,936
Inspections	159	-
	149,353	146,537
Net income/(loss)	$ (5,643)	$ (2,437)

See accompanying notes to the financial statements.

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Balance Sheet
March 31, 2008

	2008	2007
Assets		
Current		
Prepaid expenses	$ 8,117	$ 8,117
Replacement reserve fund (Note 2)	95,648	102,473
Property and equipment (Note 3)	669,760	717,370
	$ 773,525	$ 827,960
Liabilities		
Current		
Payables and accruals	$ 52,334	$ 37,061
Due to replacement reserve fund	77,193	86,823
Current portion of long term debt	49,800	48,000
	179,327	171,884
Long term debt (Note 4)	620,975	670,385
	800,302	842,269
Net Assets		
Net assets restricted for replacement reserve purposes (Note 2)	95,648	102,473
Deficit	(122,425)	(116,782)
	(26,777)	(14,309)
	$ 773,525	$ 827,960

On behalf of the Board

Member

Member

See accompanying notes to the financial statements.

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Cash Flows
For the Year Ended March 31, 2008

	2008	2007
Cash and cash equivalents derived from (applied to)		
Operating		
Net loss	$ (5,643)	$ (2,437)
Depreciation	47,610	45,619
	41,967	43,182
Changes in		
Prepaid expenses	-	844
Payables and accrual	15,273	(8,974)
Due to replacement reserve	(9,630)	10,567
	47,610	45,619
Financing		
Reduction of long term debt	(47,610)	(45,619)
Net increase in cash and cash equivalents	$ -	$ -
Interest paid	$ 30,942	$ 32,933

See accompanying notes to the financial statements

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Statement of Changes in Net Assets
For the Year Ended March 31, 2008

	Restricted for replacement reserve purposes	Surplus/ Deficit	2008 Total	2007 Total
Balance, beginning of year	$ 102,473	$ (116,782)	$ (14,309)	$ (20,438)
Net (loss) income	-	(5,643)	(5,643)	(2,437)
Allocation from operations to replacement reserve	1,164	-	1,164	11,352
Expenses paid, during the year	(8,117)	-	(8,117)	(2,894)
Interest	128	-	128	108
Balance, end of year	$ 95,648	$ (122,425)	$ (26,777)	$ (14,309)

See accompanying notes to the financial statements

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Notes to the Financial Statements
March 31, 2008

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents includes balances with banks and short term deposits. Bank borrowings are considered financing activities.

Depreciation
Depreciation is provided on buildings, furniture and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal reduction of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited in the amount of $11,352 annually until it accumulates to $95,520 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year end, the amounts in the reserve consisted of the following:

Segregated cash and cash equivalents		
Cash	$ -	$ -
Short term deposits	5,217	5,089
Non-segregated cash	13,238	10,561
Receivable from operating fund	77,193	86,823
	$ 95,648	$ 102,473

3. Property and equipment

			2008	2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	$ 1,150,074	$ 527,897	$ 622,177	$ 669,787
Equipment	47,583	-	47,583	47,583
	$ 1,197,657	$ 527,897	$ 669,760	$ 717,370

Western Regional Health Authority
Gateway Cottages Association
Cottage Project
Notes to the Financial Statements
March 31, 2008

4. Long term debt

	2008	2007
4.47% CMHC loan due in 2018, repayable in monthly blended instalments of $6,546 until December 1, 2008	$ 670,775	$ 718,385
Less: current portion	(49,800)	48,000
	$ 620,975	$ 670,385

As security the Association provided a mortgage on the building, a chattel mortgage on equipment and an assignment of rent and fire insurance.

Principal payments over the next five years are as follows; 2009 – $49,800; 2010 – $52,100 ; 2011 - $54,500; 2012-$56,900; 2013-$59,500.

5. CMHC subsidy

Gateway Cottages Association - Cottage Project has received federal assistance through CMHC pursuant to Section 27 of the National Housing Act. The assistance, paid by NLHC, their agent, is intended to reduce operating expenses enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $23,425 (2007 - $23,425).

6. Related party transactions

The financial statements include accounts payable to the Western Regional Health Authority of $43,319 (2007 - $29,128).

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Auditors' Confirmation

Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Gateway Cottages Association – Cottage Project as at March 31, 2008 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat rated charge depending if the unit is one or two bedrooms.

With reference to the Statement of Replacement Reserve Fund presented in the financial statements for the year ended March 31, 2008, the replacement reserve has not been fully funded and maintained. All interest accruing to this fund has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 9, 2008

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Financial Statements
March 31, 2008

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Auditors' Report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of Inter-Faith Home for Senior Citizens – Cottages # 1 & 2, as at March 31, 2008, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Cottages management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Inter-Faith Home for Senior Citizens – Cottages # 1 & 2 as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 10, 2008

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Loss
Year Ended March 31, 2008

	2008	2007
Revenue		
Rentals	$ 496,502	$ 512,757
NLHC subsidy (Note 6)	70,897	63,980
CMHC subsidy (Note 7)	80,995	80,995
Interest	1,760	7,575
	650,154	665,307
Expenses		
Administration	$ 17,382	17,366
Allocation to replacement reserve fund (Note 2)	18,128	18,128
Bad debt expense	3,064	-
Depreciation	130,955	125,739
Heat and light	153,955	147,537
Insurance	4,133	3,404
Interest on long term debt	153,579	158,678
Janitorial and garbage removal	757	407
Municipal tax	48,779	45,876
Professional fees	1,471	1,311
Repairs and maintenance	157,705	133,939
Snow clearing	6,957	9,711
	696,865	662,096
Net earnings (loss)	$ (46,711)	$ 3,211

See accompanying notes to the financial statements

Western Regional Health Authority
Inter- Faith Home for Senior Citizens
Cottages #1 & #2
Balance Sheet
March 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 78,053	$ 23,521
Receivables (net of allowance)	11,317	16,272
Due from Replacement reserve	35,532	6,015
Prepaid expenses	37,610	36,243
	162,512	82,051
Property and equipment (Note 3)	2,946,670	3,077,625
	$ 3,109,182	$ 3,159,676
Liabilities		
Current		
Payables and accruals	$ 182,204	$ 43,003
Replacement reserve fund	35,532	6,015
Current portion of long term debt	137,400	131,500
	355,136	180,518
Long term debt (Note 4)	2,511,083	2,647,938
Severance pay accrual	24,585	24,585
	2,890,804	2,853,041
Net Assets		
Net assets restricted for replacement reserve purposes (Note 2)	(35,531)	6,015
Contributed surplus	278,846	278,846
Surplus (Note 5)	(24,937)	21,774
	218,378	306,635
	$ 3,109,182	$ 3,159,676

On behalf of the Board

____________________ Member

____________________ Member

See accompanying notes to the financial statements.

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Cash Flows
Year Ended March 31, 2008

	2008	2007
Cash and cash equivalents derived from (applied to)		
Operating		
Net (loss) earnings	$ (46,711)	$ 3,211
Depreciation	130,955	125,739
	84,244	128,950
Changes in		
Receivables	4,955	142
Prepaid expenses	(1,367)	(2,448)
Payables and accruals	139,202	(225,497)
Due to replacement reserve	(41,547)	(13,885)
Severance pay accrual		720
	185,487	(112,018)
Financing		
Reduction of long term debt	(130,955)	(125,740)
Net increase (decrease) in cash and cash equivalents	54,532	(237,758)
Cash and cash equivalents		
Beginning of year	23,521	261,279
End of year	$ 78,053	$ 23,521
Interest paid	$ 159,291	$ 152,291

See accompanying notes to the financial statements.

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Statement of Changes in Net Assets
Year Ended March 31, 2008

				2008	2007
	Restricted for replacement reserve	Contributed Surplus	Surplus	Total	Total
Balance, beginning of year	$ 6,015	$ 278,846	$ 21,774	$ 306,635	$ 317,309
Net earnings	-	-	(46,711)	(46,711)	3,211
Transfer for the year	18,128	-	-	18,128	18,128
Expenses paid					
During the year	(59,674)	-	-	(59,674)	(32,013)
Balance, end of year	$ (35,531)	$ 278,846	$ (24,937)	$ 218,378	$ 306,635

See accompanying notes to the financial statements.

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements
March 31, 2008

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered financing activities.

Depreciation
Depreciation is provided on the buildings, furniture and equipment purchased from loans insured by the CMHC at a rate equal to the annual principal repayment of the mortgage. No depreciation is charged on other fixed assets. Donated fixed assets are not depreciated.

Severance pay
An accrued liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years.

2. Replacement reserve fund

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited in the amount of $18,128 annually until the reserve accumulates to $181,280 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

At year end, the funds in the reserve consisted of the following:

	2008	2007
Non-segregated cash	$	$ 6,015
Payable to(from) operating	(35,531)	-
	$ (39,924)	$ 6,015

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements

March 31, 2008

3. Property and equipment

			2008	2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 210,258	$ -	$ 210,258	$ 210,258
Buildings	3,784,620	1,183,262	2,601,358	2,732,313
Equipment	135,054	-	135,054	135,054
	$ 4,129,932	$ 1,052,307	$ 2,946,670	$ 3,077,625

4. Long term debt

	2008	2007
Interfaith #1 10% CMHC loan due 2028, repayable in monthly principal and interest instalments of $8,028	$ 843,654	856,438
Interfaith #2 3.88% CMHC mortgage due 2010, amortized over 25 years, repayable in monthly principal and interest instalments of $7,803	883,626	941,932
Interfaith #2 3.71% CMHC mortgage due 2010, amortized over 25 years, repayable in monthly principal and interest instalments of $7,923	921,203	981,068
	2,648,483	2,779,438
Less: current portion	(137,400)	131,500
	$ 2,511,083	$ 2,647,938

As security Cottages #1 has provided a mortgage on the land and building.

Principal repayments over the next five years are as follows: 2009 - $137,400; 2010 - $143,600, 2011 - $150,100, 2012 - $157,000 , 2013 - $ 165,000

5. Surplus

The amount shown as surplus, or a portion thereof, may be subject to repayment to CMHC upon completion of the annual reviews by the corporation.

Western Regional Health Authority
Inter-Faith Home for Senior Citizens
Cottages #1 & #2
Notes to the Financial Statements
March 31, 2008

6. Newfoundland and Labrador Housing Corporation (NLHC) rent subsidy

Cottages #1 provides housing to low income senior citizens who pay 25-30% of their fixed income. If this amount falls short of the rent charged, NLHC provides a subsidy for the difference

7. CMHC subsidy

Inter-Faith Home for Senior Citizens - Cottages #1 and #2 has received federal assistance through CMHC pursuant to Section 27 of the National Housing Act. The assistance, paid by NLHC, their agent, is intended to reduce operating expenses, enabling the Cottages to provide housing to low-income individuals. The amount of assistance received during the year was $80,995 (2007 - $80,995).

8. Related party transactions

i) The financial statements include accounts payable to the Western Regional Health Authority of $ 158,829 (2007 - $19,685).

ii) Administration fees of $ 17,280 (2007 - $17,280) were paid to the Western Regional Health Authority

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Auditors' Confirmation
Newfoundland and Labrador Housing Corporation

I have audited the balance sheet of Inter-Faith Home for Senior Citizens – Cottages # 1 & 2 as at March 31, 2008 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion for Cottages # 1

The organization has requested and obtained evidence of the income of lessees in designated units as required by the Operating Agreement with Newfoundland and Labrador Housing Corporation.

The organization has applied a rent-to-income scale for the income-test occupants in accordance with the operating agreement.

The organization has adjusted the occupancy charges for income-tested occupants in accordance with the operating agreement.

This has been done for those tenants whose sources of income include sources other than Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), and for those households where the household composition has changed.

For tenants whose only source of income is from either Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), their last lease renewal locked in their rent for a period of 3 years, unless a tenant receives income form another source during this period.

In my opinion for Cottages # 2

The organization has not applied the occupancy charge-to-income ratio. Rentals are based upon a flat rated charge depending if the unit is one or two bedrooms.

With reference to the Statement of Replacement Reserve Fund presented in the financial statements for the year ended March 31, 2008, the replacement reserve has not been fully funded and maintained, the operating reserve and surplus reserve has been fully funded and maintained. All interest accruing to these funds has been recorded.

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 10, 2008

Western Regional Health Authority
NLHC Seniors Cottages
Financial Statements
March 31, 2008

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Auditor's report

To the Directors
Western Regional Health Authority

I have audited the balance sheet of the combined statements of Gateway Cottages Association, Apartment Project, Interfaith # 3 and Bay St George & Emile Benoit House as at March 31, 2008, and the statements of revenues and expenses, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the Apartment Projects management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of the Gateway Cottages, Apartment Project, Interfaith # 3 and Bay St George 8 Unit & Emile Benoit House as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

T R. P. L

Todd R. P. Lee
Chartered Accountant

Deer Lake, NL
July 16, 2008

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Revenue and Expenses
For the Year Ended March 31, 2008

	Budget	2008	2007
Revenue			
Rentals	$ 257,712	$ 252,469	$ 241,586
NLHC subsidy (Note 2)	205,842	205,843	220,640
Electrical surcharge	15,120	15,112	14,357
Laundry recoveries	6,930	7,186	6,853
Meal program	28,000	26,866	24,246
Interest	2,770	1,589	2,861
	516,644	509,065	510,543
Expenses			
Administration	18,744	19,232	18,429
Depreciation	103,924	103,900	93,251
Heat and light	83,975	82,922	84,320
Insurance	3,750	3,591	3,175
Interest on long term debt	146,818	146,708	167,254
Janitorial	9,000	9,000	9,000
Meal program cost	15,600	16,685	14,522
Municipal tax	30,987	28,086	30,341
Professional fees	3,550	4,280	3,773
Repairs and maintenance	81,004	103,750	83,199
Snowclearing	13,250	6,088	12,086
	510,902	524,242	519,350
Excess of revenue over expenses (expenses over revenue)	5,742	(15,177)	(8,807)
Transfer (to) from NLHC	(5,742)	15,177	8,807
	$ NIL	$ NIL	$ NIL

See accompanying notes to the financial statements

Western Regional Health Authority
NLHC Seniors Cottages
Balance Sheet
March 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents (Note 1)	$ 124,935	$ 61,634
Receivables	6,535	5,860
Due from NLHC (Note 2)	15,177	8,807
Due from replacement reserve fund	10,945	21,873
Prepaid expenses	23,024	20,411
	180,616	118,585
Replacement reserve fund (Note 3)	381,853	392,798
Property and equipment (Note 4)	3,161,264	3,265,164
	$ 3,723,733	$ 3,776,547
Liabilities		
Current		
Payables and accruals	$ 172,875	$ 110,844
Deferred grant	7,755	7,755
Current portion of long term debt	109,100	104,200
	289,730	222,799
Long term debt (Note 5)	3,046,772	3,155,572
	3,336,502	3,378,371
Net Assets		
Net assets restricted for replacement reserve purposes	381,853	392,798
Contributed surplus	5,378	5,378
	387,231	398,176
	$ 3,723,733	$ 3,776,547

On behalf of the Board

________________ Member ________________ Member

See accompanying notes to the financial statements.

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Cash Flows
For the Year Ended March 31, 2008

	2008	2007
Cash and cash equivalents derived from (applied to):		
Operating		
Depreciation	$ 103,900	$ 93,251
Changes in		
Receivables	(675)	1,175
Prepaid expenses	(2,613)	3,125
Due from NLHC	(6,370)	12,387
Due from replacement reserve fund	10,928	(1,949)
Payables and accruals	(62,645)	(62,645)
	167,201	45,344
Financing		
Reduction of long term debt	(103,900)	(93,251)
Net (decrease) increase in cash and cash equivalents	63,301	(47,907)
Cash and cash equivalents		
Beginning of year	61,634	109,541
End of year	$ 124,935	$ 61,634
Interest paid	$ 147,143	$ 169,189

See accompanying notes to the financial statements.

Western Regional Health Authority
NLHC Seniors Cottages
Statement of Changes in Net Assets
For the Year Ended March 31, 2008

			2008	2007
	Restricted for replacement reserve purposes	Contributed surplus	**Total**	Total
Balance, beginning of year	$ 392,798	$ 5,378	**$ 398,176**	$ 408,691
Expenses paid during the year	(10,945)		**(10,945)**	(10,515)
Balance, end of year	$ 381,853	$ 5,378	**$ 387,231**	$ 398,176

See accompanying notes to the financial statements

Western Regional Health Authority
NLHC Seniors Cottages
Notes to the Financial Statements
March 31, 2008

1. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents includes cash on hand and balances with banks. Bank borrowings are considered financing activities.

Depreciation
Depreciation on the buildings is recorded at an amount equal to the annual principal repayment on the mortgages.

2. Due from (to) NLHC

	2008	2007
Balance, beginning of year	$ 8,807	$ 21,194
Subsidy for the year	205,842	220,640
Net loss receivable from NLHC	15,177	8,807
Mortgage payments from NLHC	(251,042)	(262,440)
Advances received from NLHC	(37,678)	(51,928)
Repayments issued to NLHC	74,071	72,534
Due from NLHC, end of year	$ 15,177	$ 8,807

3. Replacement reserve fund

Newfoundland and Labrador Housing Corporation (NLHC) maintains a consolidated replacement reserve fund to maintain and account for replace reserve funds for non-profit housing groups. Prior to 1996, the group was responsible for its own replacement reserve. NLHC provides the organization with an annual statement as of March 31, indicating its reserve balance. The funds in the account may only be used as approved by NLHC. Withdrawals are credited to interest first and then principal. Transactions in the reserve consist of the following:

	2008	2007
Balance, beginning of year	$ 392,798	$ 403,313
Expenses paid during the year	10,945	10,515
Balance, end of year	$ 381,853	$ 392,798
Balance, end of year		
Principal	$ 351,340	$ 351,340
Interest	30,513	41,458
	$ 381,853	$ 392,798

Western Regional Health Authority
NLHC Seniors Cottages
Notes to the Financial Statements
March 31, 2008

4. Property and equipment

	Cost	Accumulated Depreciation	2008 Net Book Value	2007 Net Book Value
Land	$ 124,911	$ -	$ 124,911	$ 124911
Buildings	3,946,573	970,660	2,975,913	3,079,813
Equipment	60,440	-	60,440	60,440
	$ 4,131,924	$ 970,660	$ 3,161,264	$ 3,265,164

5. Long term debt

	2008	2007
Gateway Apartments 4.31% NLHC loan due in 2024, payable in monthly blended instalments of $7,361 until March 1, 2012	$ 1,022,870	$ 1,066,384
Interfaith #3 5.5% NLHC loan maturing in 2009 amortized to 2029, repayable in monthly principal and interest instalments of $5,316 until March 1, 2009.	807,854	827,030
Bay St George Senior 8 Unit 4.31% NLHC mortgage due 2028, repayable in monthly principal and interest instalments of $2,742 until March 2012	433,677	447,680
Bay St George Emile Benoit 4.31% NLHC mortgage due 2027 repayable in monthly principal and interest instalments of $5,502, until March 2012	891,471	918,678
	3,155,872	3,259,772
Less: current portion	109,100	104,200
	$ 3,046,772	$ 3,155,572

As security the home provided a mortgage on the land and buildings.

Principal payments over the next five years are as follows: 2009 - $109,100; 2010 – $114,000; 2011 - $119,300; 2012 - $124,800, 2013 - $130,500

6. Related party transaction

i. The financial statements include accounts payable of $ 137,774 (2007 - $75,065) to Western Regional Health Authority.

ii the following expenses were paid to Western Regional Health Authority, a related party

	2008	2007
Administration	$ 15,296	$ 15,296
Janitorial	9,000	9,000
Maintenance	6,623	4,800
	$ 30,919	$ 29,096

7. Repairs and maintenance

	2008	2007
Fire Alarm	$ 5,628	$ 1,762
Maintenance supplies	27,268	15,478
Security	1,532	984
Elevator maintenance	6,609	8,364
Service maintenance	4,800	4,800
Janitorial	149	260
Travel and other	198	225
Salaries	57,566	51,326
	$103,566	$ 83,199

8. Combined Statements

The combined Financial Statements include Gateway Cottages – Apartment Project, Interfaith # 3 and Bay St George 8 Unit & Emile Benoit House.

Western Regional Health Authority
NLHC Seniors Cottages
Schedule of Income & Expenses
Gateway Cottages – Apartment project
March 31, 2008

	Budget	2008	2007
Revenue			
Rent	$ 88,800	$ 89,984	$ 87,786
Electricity	5,520	5,520	5,520
Laundry	2,250	2,520	2,520
NLHC subsidy (Note 4)	76,935	76,936	83,918
	173,775	174,960	179,744
Expenses			
Administration	6,500	6,500	6,500
Depreciation	43,514	43,514	38,848
Heat and light	29,000	29,758	30,678
Insurance	1,500	1,299	1,287
Interest and bank charges	280	333	227
Interest on long term debt	44,821	44,652	53,533
Janitorial	9,000	9,000	9,000
Municipal tax	11,629	11,490	12,246
Professional fees	1,200	1,471	1,311
Repairs and maintenance	22,624	22,615	28,161
Snowclearing	1,750	2,238	1,388
	171,818	172,870	183,179
Excess of (expenses over revenue) revenue over expenses	1,957	2,090	(3,435)
Transfer from (to) NLHC (Note 4)	(1,957)	(2,090)	3,435
	$ NIL	$ NIL	$ NIL
Replacement Reserve			
Balance, end of year			
Principal		$ 199,728	$ 199,728
Interest		23,480	25,599
		$ 223,208	$ 225,327

Western Regional Health Authority
NLHC Seniors Cottages
Schedule of Income & Expenses
Interfaith # 3
March 31, 2008

	Budget	2008	2007
Revenue			
Rentals	$ 66,912	$ 63,364	$ 64,291
NLHC subsidy (Note 4)	36,287	36,287	41,687
Laundry	1,440	1,420	1,410
Electricity	2,880	2,840	2,820
Interest		522	387
	107,519	104,433	110,595
Expenses			
Administration	3,600	3,627	3,600
Depreciation	19,200	19,176	18,258
Heat and light	17,975	18,146	18,139
Insurance	850	850	698
Interest on long term debt	44,587	44,511	45,444
Municipal tax	5,251	5,258	5,081
Professional fees	1,150	1,428	1,231
Repairs and maintenance	7,808	29,174	10,058
Snowclearing	5,000	3,278	5,279
	105,421	125,448	107,788
Excess of revenue over expenses (expenses over revenues)	2,098	(21,015)	2,807
Transfer (to) from NLHC (Note 4)	(2,098)	21,015	(2,807)
	$ NIL	$ NIL	$ NIL

Western Regional Health Authority
NLHC Seniors Cottages
Schedule of Income & Expenses
Bay St George 8 Unit & Emile Benoit House
March 31, 2008

	Budget	2008	2007
Revenue			
Rentals	$ 102,000	$ 99,121	$ 89,508
NLHC subsidy (Note 2)	92,620	92,620	95,036
Electrical surcharge	6,720	6,752	6,017
Laundry recoveries	3,240	3,246	2,923
Meal program	28,000	26,866	24,246
Interest	2,770	1,067	2,474
	235,350	229,672	220,204
Expenses			
Administration	8,364	8,772	8,102
Depreciation	41,210	41,210	33,145
Heat and light	37,000	35,018	35,503
Insurance	1,400	1,442	1,190
Interest on long term debt	57,410	57,545	68,277
Meal program cost	15,600	16,685	14,522
Municipal tax	14,107	11,338	13,014
Professional fees	1,200	1,381	1,231
Repairs and maintenance	50,572	51,961	44,979
Snowclearing	6,500	572	5,419
	233,663	225,924	228,382
Excess of (expenses over revenue) revenue over expenses	1,687	3,748	(8,178)
Transfer from (to) NLHC	(1,687)	(3,748)	8,178
	$ NIL	$ NIL	$ NIL

Replacement Reserve

	2008	2007
Balance, end of year		
Principal	$ 149,172	$ 149,172
Interest	9,473	17,978
	$ 158,645	$ 167,150

TODD R. P. LEE
CHARTERED ACCOUNTANT

9A Church Street
Deer Lake, NL
A8A 1C9

Tel: 709-635-1152
Fax:709-635-1153

Auditors Confirmation

Newfoundland and Labrador Housing Confirmation

I have audited the balance sheet of the combined statements of Gateway Cottages Association, Apartment Project, Interfaith # 3 and Bay St George & Emile Benoit House as at March 31, 2008 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements.

In my opinion

The organization has requested and obtained evidence of the income of lessees in designated units as required by the Operating Agreement with Newfoundland and Labrador Housing Corporation.

The organization has applied a rent-to-income scale for the income-test occupants in accordance with the operating agreement.

This organization has adjusted the occupancy charges for income-tested occupants in accordance with the operating agreement.

This has been done for those tenants whose sources of income include sources other than Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), and for those households where the household composition has changed.

For tenants whose only source of income is from either Department of Human Resources and Employment or Human Resources Development Canada (Old Age Security and Canada Pension), their last lease renewal locked in their rent for a period of 3 years, unless a tenant receives income from another source during this period.

With reference to the Reserve Fund presented in the audited financial statements for the year ended March 31, 2008, the Replacement Reserve Fund has been fully funded. Interest accruing on these funds has not been recorded.

TODD R. P. LEE
Chartered Accountant

Deer Lake, NL
July 16, 2008

WESTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS/AUDITOR'S REPORT
June 30, 2007

Auditors' Report

To The Members of Western School District

We have audited the balance sheet of the current and capital funds of Western School District as at June 30, 2007, and the related statements of current revenues, expenditures and district equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of the Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all materials respects, the financial position of the District as at June 30, 2007 and the results of its operations and changes in its capital financial position for the year ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Kerry & Roberts
Chartered Accountants

Stephenville, NL
City
Sept. 12, 2007
Date

Western School District

BALANCE SHEET

June 30, 2007

Assets

	2007	2006
Current Assets		
Cash (Supp.Info.1)	$ 1,406,075	$ 1,054,639
Short Term Investments (Supp.Info.2)	87,866	90,003
Accounts Receivable (Note 2)	12,468,778	12,258,365
Prepaid Expenses	237,871	186,372
Total Current Assets	14,200,590	13,589,379
Property and Equipment (schedule 8)	158,029,136	159,315,119
	$172,229,726	$ 172,904,498

Liabilities and District Equity

	2007	2006
Current Liabilities		
Bank Indebtedness (Note 3)	--	--
Accounts Payable and Accrued (Note 4)	2,859,552	2,481,345
Vacation Pay Accrued	11,261,906	11,040,519
Current Maturities (schedule 9b)	372,392	302,236
Total Current Liabilities	14,493,850	13,824,100
Severance Pay Accrual	20,326,237	19,921,158
Long-Term Debt (schedule 9)	2,401,777	1,960,676
District Equity		
Investment in Capital Assets	155,307,442	157,104,682
Reserve Account	200,987	200,987
District Equity	(20,500,567)	(20,107,105)
Total District Equity	135,007,862	137,198,564
	$172,229,726	$ 172,904,498

Approved: ____________ **Chairman**

____________ **Secretary**

Western School District

STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY

For the Year Ended June 30, 2007

	2007	2006
Current Revenue (Schedule 1)		
Provincial Government Grants	$129,131,691	$ 125,193,791
Donations	--	--
Ancillary Services	122,292	143,238
Miscellaneous	493,656	382,625
	129,747,639	125,719,654
Current Expenditures		
Administration (Schedule 2)	2,531,164	2,882,858
Instruction (Schedule 3)	106,957,680	103,234,172
Operations and Maintenance (Schedule 4)	12,827,367	12,275,454
Pupil Transportation (Schedule 5)	7,743,785	6,475,537
Ancillary Services (Schedule 6)	44,582	65,471
Interest Expense (Schedule 9C)	8,378	34,229
Miscellaneous (Schedule 7)	83,103	29,168
	130,196,059	124,996,889
23 111 Excess of Revenue over Expenditures	(448,420)	722,765
Transfer to/from Capital	54,958	44,724
Net Increase/Decrease in District Equity	(393,462)	767,489
District Equity, Beginning of Year	(20,107,105)	(20,874,594)
District Equity, End of Year	$ (20,500,567)	$ (20,107,105)

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended June 30, 2007

			2007	2006
60		**Operating Activities**		
	011	Excess of Revenue over Expenditures	$ (448,420)	$ 772,765
	012	Changes in Non-Cash Working Capital		
	013	- Short-Term Investments	2,137	(2,314)
	014	- Accounts Receivable	(210,413)	163,129
	015	- Prepaid Expenses	(51,499)	7,502
	014	- Accounts Payable, Accruals & Vacation Payable	599,594	1,145,047
	015	- Current Maturities	--	--
	016	Other (Specify)		
		- Principal Payments	330,431	309,919
		- Increase (Decrease) in Severance Pay Accrual	405,079	(622,803)
			626,909	1,723,245
61		**Financing Activities**		
	011	Proceeds from Bank Loans	853,966	652,317
	012	Grants – Deficit Retirement	--	--
	013	Other Capital Revenues	--	365,248
	014	Changes in Long-Term Debt	(342,709)	(653,556)
	015	Other (Specify)	--	--
			511,257	364,009
62		**Investing Activities**		
	011	Proceeds on Sale of Capital Assets	74,631	23,112
	012	Additions to Property and Equipment	(861,361)	(652,316)
	013	Other (Specify)	--	--
			(786,730)	(629,204)
63		**Increase (Decrease) in Cash**	351,436	1,458,050
64		**Cash, Beginning of The Year**	1,054,639	(403,411)
65		**Cash, End of The Year**	$ 1,406,075	$ 1,054,639

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND

For the Year Ended June 30, 2007

			2007	2006
70		**Capital Receipts**		
71		Proceeds from Bank Loans		
	011	- School Construction	$ --	$ --
	012	- Equipment	--	--
	013	- Service Vehicles	--	--
	014	- Pupil Transportation	853,966	652,317
	015	- Other (Specify)	--	--
			853,966	652,317
72		**EIC Grants**		
	011	School Construction and Equipment	--	--
	012	Other – Transportation – Government	--	--
			--	--
73		**Donations**		
	011	- Cash Receipts	--	--
	012	- Non-Cash Receipts	--	--
	013	- Restricted Use	--	--
			--	--
74		**Sale of Capital Assets - Proceeds**		
	011	- Land	--	--
	012	- Buildings	72,276	22,000
	013	- Equipment	2,070	--
	014	- Service Vehicles	--	--
	015	- Pupil Transportation Vehicles	285	1,112
	016	- Other (Specify)	--	--
		- Accounts Receivable – Capital	--	--
			74,631	23,112
75		**Other Capital Revenues**		
	011	- Interest on Capital Fund Investments	--	--
	012	- Premiums on Debentures	--	--
	013	- Recoveries of Expenditures	--	--
	015	- Insurance Proceeds	--	--
	016	- Native Peoples Grants	--	--
	017	- Miscellaneous – Funds for Debt servicing – Bussing	330,431	309,919
	018	- Provincial grants – Debt Retirement	--	365,248
			330,431	675,167
Total Capital Receipts			1,259,028	1,350,596

Cont'd

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)

For the Year Ended June 30, 2007

			2007	2006
77		Transfer from Reserve Account	--	--
78		Transfer to/from Current Fund	(54,958)	(44,724)
Total			$ 1,204,070	$ 1,305,872
80		**Capital Disbursements**		
81		**Additions to Property & Equipment**		
	011	- Land and Sites	--	--
	012	- Building	7,395	--
	013	- Furniture & Equipment – School	--	--
	014	- Furniture & Equipment – Other	--	--
	015	- Service Vehicles	--	--
	016	- Pupil Transportation	853,966	652,316
	017	- Other (Specify)	--	--
			861,361	652,316
82		**Principal Repayment of Long-Term Debt**		
	011	- School construction	--	--
	012	- Equipment	--	--
	013	- Service Vehicles	12,278	12,279
	014	- Other (Specify)	--	--
		- Office	--	331,358
		- Pupil transportation	330,431	309,919
			342,709	653,556
83		**Miscellaneous Disbursements**		
	013	- Other (Specify)	--	--
		- Accounts payable	--	--
			--	--
		Total Capital Disbursements	$ 1,204,070	$ 1,305,872

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis, which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayments of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

2. Accounts Receivable

		2007	2006
	Current		
11 131	Provincial Government	$ 11,955,526	$ 11,851,627
132	Transportation	8,532	12,633
133	Federal Government	--	--
134	Projects	106,554	85,743
135	HST Receivable	212,591	194,695
136	Bus Rentals	33,981	26,910
137	Water Program-Provincial	--	6,636
138	Interest	--	--
139	Travel Advances and Miscellaneous	151,594	80,121
	Capital		
11 231	EIC – Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) – City of Corner Brook	--	--
		$ 12,468,778	$ 12,258,365

3. Bank Indebtedness

21 131	On Operating Credit	$ --	$ --
132	On Capital Account	--	--
		$ --	$ --

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

4. Accounts Payable and Accrued

		2007	2006
	Current		
21 109	Scholarship	$ 82,693	$ 84,830
110	Accounts payable-Trade	516,512	332,226
111	Accrued Liabilities	630,976	347,705
112	Wages Payable	453,611	358,293
113	- Deferred Grants	1,340,482	1,337,038
114	- Wages	--	--
115	Payroll Deductions	(57,637)	--
118	Other	(109,265)	--
119	Payroll Tax	2,180	21,253
	Capital		
21 211	Trade Payable		
212	Accrued – Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		$ 2,859,552	$ 2,481,345

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

5. **Reserve Account**

Description:

	2007	2006
Balance, Beginning of Year	$ 200,987	$ 200,987
Less Transfer from Reserve	--	--
Add Transfer to Reserve	--	--
Balance, End of Year	$ 200,987	$ 200,987

Western School District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

		2007	2006
6.	Investment in Capital Assets, Beginning of Year	$ 157,104,682	$ 159,634,030
	Add:		
	Transfer of Operating funds to Capital Fund	(54,958)	(44,724)
	Grants - EIC - Contribution for Capital Const.	--	--
	- Provincial grants-debt retirement.	--	365,248
	Capital projects funded by EIC but paid Directly to other sources on behalf of District.		
	Donations (Specify)		
	Proceeds from Sale of Capital Assets		
	- Land	--	--
	- Building	72,276	22,000
	- Equipment	2,070	--
	- Vehicle	285	1,112
	- Other	--	--
	Interest on Capital Fund Investments		
	Recoveries of Expenditures – Prior	--	--
	Insurance Proceeds – Capital	--	--
	Native Peoples Grants – Capital	--	--
	Excess of Revenue over Expenditures		
	- Capital Fund		
	Principal - Bussing loan	330,431	309,919
	- Other	--	--
	Capital asset valuation adjustment	--	--
		157,454,786	160,287,585
	Deduct Adjustments:		
	Cost of assets sold		
	- Land	--	--
	- Building	2,147,344	2,860,499
	- Equipment	--	--
	- Vehicles	--	322,404
	- Other	--	--
		2,147,344	3,182,903
	Other	--	--
23 221	Investment in Capital Assets, End of Year	$ 155,307,442	$ 157,104,682

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, the following material contingencies are pending:

(a) A former vendor of a prior School Board has a claim of approximately $30,000 plus HST. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.

(b) A former Director of a prior School Board is claiming approximately $31,000 in unpaid salary. The issue is currently under discussion by both parties. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.

9. District Equity (Deficit)

The School District has an accumulated operating deficit of $(20,500,567). A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual of $18,091,688 and $2,234,549 respectively, as required by the Provincial Government.

Accumulated operating deficit per Financial statement	$ 20,500,567
Less: teacher's severance pay accrual	(18,091,688)
: non-teacher's severance pay accrual	(2,234,549)
Accumulated operating deficit less Severance pay accrued	$ 174,330

10. Comparative Figures

Certain 2006 figures have been reclassified to conform with financial statement presentation adopted for 2007.

Schedule 1

Western School District
CURRENT REVENUES
For the Year Ended June 30, 2007

		2007	2006
32 010	**Provincial Government Grants**		
011	Regular	$ 19,299,882	$ 17,418,180
016	Special Grants (Details on bottom of Schedule 1)	2,655,958	2,181,906
	Salaries and Benefits		
017	- Directors and Asst. Directors	690,050	786,258
021	- Regular Teachers	94,450,161	93,572,993
022	- Substitute Teachers	2,800,916	2,963,195
023	- Student Assistants	1,875,754	1,839,475
030	Pupil Transportation		
031	- Board Owned	2,719,900	2,720,245
032	- Contracted	4,018,483	3,081,708
033	- Handicapped	620,587	629,831
		$ 129,131,691	$ 125,193,791
33 010	**Donations**		
012	Cash Receipts	--	--
011	Heritage Fair	--	--
013	Non-Cash Receipts	--	--
014	Restricted Use	--	--
		--	--

Schedule 1 (Cont'd)

Western School District
CURRENT REVENUES
For the Year Ended June 30, 2007

		2007	2006
34 010	**Ancillary Services**		
011	Revenues from Rental of Residences	$ 23,315	$ 23,319
021	Revenues from Rental of Schools and Facilities (Net)	64,716	65,129
031	Cafeterias	34,261	54,790
032	Other – (Specify)	--	--
		122,292	143,238
35 010	**Miscellaneous**		
011	Interest on Investments	107,469	90,670
012	Bus Charters	111,149	49,512
021	Recoveries of Expenditures	52,594	10,053
031	Revenues from Other Agencies	--	--
041	Federal Rebates	--	--
051	Insurance Proceeds	709	78,120
061	Bilingual Education Revenue	--	--
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	--	--
091	Textbooks	204,417	149,665
092	Sundry	17,318	4,605
094	Scholarship Funds	--	--
		493,656	382,625
	Total Current Revenues	$ 129,563,410	$ 125,719,654
Special Grants			
	Fuel Adjustment	$ 32,338	$ --
	Learning Disabilities	--	--
	Debt Servicing	--	33,842
	Student Assistant Salaries	--	--
	Textbook Credit Allocation	--	120
	Pay Equity	--	--
	Administration – Textbook	--	--
	Payroll Tax	--	--
	Utilities	--	--
	Maintenance	--	--
	French Monitor	45,128	33,150
	French Immersion	67,360	51,230
	Peer Tutoring	--	--
	Bottle Water	--	--
	Administrative Pay adjustment	--	--
	Computers	--	--

Western School District
CURRENT REVENUES
For the Year Ended June 30, 2007

	2007	2006
Special Grants (Cont'd)		
Surplus – Substitutes	$ --	$ --
Kinder – Start	--	--
Tutoring Work Experience	--	--
Other (Specify)		
-Miscellaneous grants	1,146,267	845,874
- Redundancy grant	--	327,242
- Maintenance reclassification	--	--
- Drama Festival	--	--
- Furniture	--	--
- Other Projects	989,387	433,054
- IGA Projects	52,212	55,859
- HRDC Grants	323,266	305,574
- School Board Elections	--	95,961
	$ 2,655,958	$ 2,181,906

Schedule 2

Western School District

ADMINISTRATION EXPENDITURES

For the Year Ended June 30, 2007

		2007	2006
51	**Salaries and Benefits**		
011	- Directors and Asst. Directors	$ 690,050	$ 786,257
012	- District Office Personnel	942,506	749,524
013	Office Supplies	52,577	56,402
014	Replacement Furniture and Equipment	12,400	19,987
015	Postage	59,920	59,035
016	Telephone	104,759	98,756
017	Office Equipment Rentals and Repairs	51,597	27,027
018	Bank Charges	2,811	2,150
019	Electricity	13,465	12,777
021	Fuel	29,136	23,353
022	Insurance	11,187	69,789
023	Repairs and Maintenance (Office Building)	12,824	14,138
024	Travel	156,398	158,374
025	Board Meeting Expenses	15,715	23,971
026	Election Expenses	--	96,022
027	Professional Fees	86,836	81,746
028	Advertising	144,678	91,663
029	Membership Dues	50,184	50,369
031	Municipal Service Fees	14,741	17,483
032	Rental of Office Space	73,050	--
033	Janitor Salaries/Supplies	4,308	8,499
034	Miscellaneous	2,022	13,016
035	Relocation Expenses	--	19,002
036	Redundancy	--	327,242
037	Capital Plan-Department	--	76,276
	Total Administration Expenditures	$2,531,164	$ 2,882,858

Schedule 3

Western School District

INSTRUCTION EXPENDITURES

For the Year Ended June 30, 2007

		2007	2006
52 010	**Instructional Salaries (Gross)**		
011	Teachers' Salaries – Regular	$ 94,727,232	$ 93,022,817
012	- Substitute	2,848,614	3,008,916
013	- District Paid	90,089	79,845
014	Student Assistants	1,893,611	1,811,541
015	Employee Benefits	--	--
016	School Secretaries – Secretaries & Benefits	2,230,852	2,252,320
017	Employee Benefits	--	--
018	Other – French Monitor	--	--
		101,790,398	100,175,439
52 040	**Instructional Materials**		
041	General Supplies	346,657	364,432
042	Library Resource Materials	46,447	33,380
043	Teaching Aids	636,983	520,488
044	Textbooks	225,043	149,809
045	School Fees Allocation	707,161	--
		1,962,291	1,068,109
52 060	**Instructional Furniture and Equipment**		
061	Replacement	431,741	65,479
062	Rentals and Repair	--	1,229
063	Copier Cost	390,548	370,335
064	Replacement – Computer Equipment	268,155	98,598
065	Computer Repairs	137,597	68,583
		1,228,041	604,224
52 080	**Instructional Staff Travel**		
081	Program Co-ordinators	288,524	245,718
082	Teachers' Travel – within District	257,214	241,190
083	Teacher Travel – Out of District	26,357	69,029
084	Student Travel	23,895	14,323
		595,990	570,260
52 090	**Other Instructional Costs**		
091	Postage and Stationery	--	--
092	Miscellaneous	14,459	22,386
097	Other District Projects	987,187	429,236
098	IGA Projects	52,212	56,233
099	HRDC Projects	327,102	308,285
		1,380,960	816,140
	Total Instruction Expenditures	$ 106,957,680	$ 103,234,172

Schedule 4

Western School District

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

For the Year Ended June 30, 2007

		2007	2006
53 011	Salaries & Benefits - Janitorial	$ 4,454,319	$ 4,505,084
012	- Maintenance	1,170,024	935,909
013	- IT Support	436,488	395,050
014	Electricity	2,916,681	2,762,648
015	Fuel	961,894	1,193,816
016	Municipal Service Fee	265,560	253,592
017	Telephone	420,961	481,841
018	Vehicle Operating and Travel	236,891	213,656
019	Janitorial Supplies	330,171	272,307
021	Janitorial Equipment	62,257	23,270
022	Repairs and Maintenance - Buildings	998,426	845,775
023	- Equipment	14,490	9,905
024	Protective Clothing	15,786	13,798
025	Snow Clearing	543,419	368,803
026	Rentals	--	--
027	Other (Specify) - Repairs Covered By Insurance	--	--
	Total Operations and Maintenance	$ 12,827,367	$ 12,275,454

Schedule 5

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2007

		2007	2006
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries - Administration	$ 128,745	$ 104,672
012	- Drivers and Mechanics	1,652,015	1,418,773
013	Payroll Tax and Benefits	--	--
014	Debt Repayment - Interest	157,858	110,932
015	- Principal	330,431	309,918
016	Bank Charges	--	--
017	Gas and Oil	367,600	328,481
018	Licenses	36,951	36,258
019	Insurance	45,816	43,893
021	Repairs and Maintenance - Fleet	177,597	166,025
022	- Building	9,881	37,581
023	Tires and Tubes	28,997	21,178
024	Heat and Light	26,437	29,540
025	Municipal Service	5,077	5,465
026	Snow Clearing	14,508	13,087
027	Office Supplies	5,209	3,405
028	Rent	--	--
029	Travel	2,148	3,195
030	Protective Clothing	3,517	6,712
031	Professional Fees	7,245	2,756
032	Miscellaneous	10,039	4,018
033	Telephone	14,802	13,217
034	Vehicle Leases	--	--
035	Cleaning – Bus Depot	3,541	2,800
		3,028,414	2,661,906
54 040	**Contracted Services**		
041	Regular Transportation	3,885,247	3,054,208
042	Handicapped	620,587	629,831
043	Miscellaneous	178,357	10,687
044	Fuel Adjustment Program	31,180	118,905
		4,715,371	3,813,631
	Pupil Transportation Expenditures	$ 7,743,785	$ 6,475,537

Schedule 5

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2007

Ancillary Services

This District owns and operates the following ancillary services:

		2007	2006
55	**Ancillary Services**		
011	Operation of Teachers' Residences	$ 10,228	$ 7,564
031	Cafeterias	34,354	57,907
032	Other (Specify)	--	--
		$ 44,582	$ 65,471

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

	2007	2006
57 011 Miscellaneous Expenses		
- Human Resources Expenses	$ 46,013	$ 24,534
- Other	37,090	4,634
	$ 83,103	$ 29,168

Schedule 8

Western School District
DETAILS OF PROPERTY AND EQUIPMENT
For the Year Ended June 30, 2007

			Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
12	210	**Land and Sites**				
	211	Land and Sites	$ 1,977,719	$ --	$ --	$ 1,977,719
12	220	**Buildings**				
	221	Schools	136,744,936	7,395	2,147,344	134,604,987
	222	Administration	3,046,649	--	--	3,046,649
	223	Residential	168,021	--	--	168,021
	224	Recreational	--	--	--	--
	225	Other (Specify)	--	--	--	--
			139,959,606	7,395	2,147,344	137,819,657
12	230	**Furniture and Equip.**				
	231	Schools	11,528,316	--	--	11,528,316
	232	Administration	970,429	--	--	970,429
	233	Residential	1,534	--	--	1,534
	234	Recreation	87,005	--	--	87,005
	235	Other (Specify)	5,450	--	--	5,450
			12,592,734	--	--	12,592,734
12	240	**Vehicles**				
	241	Service Vehicles	213,136	--	--	213,136
12	250	**Pupil Transportation**				
	251	Land	--	--	--	--
	252	Building	--	--	--	--
	253	Vehicles - Buses	4,571,924	853,966	--	5,425,890
		- Service	--	--	--	--
	255	Equipment	--	--	--	--
	256	Other (Specify)	--	--	--	--
			4,571,924	853,966	--	5,425,890
12	260	**Misc. Capital Assets**				
	261	Other (Specify)	--	--	--	--
		Total Property and Equipment	$159,315,119	$ 861,361	$2,147,344	$ 158,029,136

Schedule 9

Western School District

DETAILS OF LONG-TERM DEBT

For the Year Ended June 30, 2007

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

		2007	2006
22 210	Loans Other than Pupil Transportation		
Ref. #			
211	**Bank Loans**		
	Prime Repayable $ 1,023 monthly, maturing 2008	$ 10,232	$ 22,510
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	Total 211	10,232	22,510
212	**Mortgages**		
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	Total 212	--	--
213	**Debentures**		
	____ Repayable $______ monthly, maturing ____	--	--
	____ Repayable $______ monthly, maturing ____	--	--
	Total 213	--	--
214	Other (Please Specify)	--	--
	Subtotal	10,232	22,510
215	Less Current Maturities	10,232	12,279
	Total Loans Other Than Pupil Transportation	$ --	$ 10,231

Western School District
DETAILS OF LONG-TERM DEBT
For the Year Ended June 30, 2007

22 220 Loans – Pupil Transportation

	Ref. #	2007	2006
221	**Vehicle Bank Loans**		
	Prime Repayable $ 516 monthly, maturing 2011	$ 25,293	$ 30,971
	Prime Repayable $ 523 monthly, maturing 2012	26,665	32,416
	Prime Repayable $ 521 monthly, maturing 2012	31,266	37,519
	Prime Repayable $ 523 monthly, maturing 2013	37,137	43,414
	Prime Repayable $ 542 monthly, maturing 2016	59,619	66,123
	Prime Repayable $ 548 monthly, maturing 2014	45,996	52,568
	Prime Repayable $ 960 monthly, maturing 2011	37,876	49,396
	Prime Repayable $ 2,456 monthly, maturing 2012	132,625	162,097
	Prime Repayable $ 4,954 monthly, maturing 2012	297,230	356,676
	Prime Repayable $ 3,662 monthly, maturing 2013	263,635	307,574
	Prime Repayable $ 1,095 monthly, maturing 2015	93,089	106,231
	Prime Repayable $ 1,117 monthly, maturing 2016	111,722	125,128
	Prime Repayable $ 1,675 monthly, maturing 2016	167,452	187,547
	Prime Repayable $ 542 monthly, maturing 2017	60,161	66,665
	Prime Repayable $ 4,530 monthly, maturing 2017	561,717	616,077
	Prime Repayable $ 5,930 monthly, maturing 2019	812,454	--
	Total 221	$ 2,763,937	$2,240,402
222	**Land, Building and Equipment Bank Loans**		
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
	____ Repayable $____ monthly, maturing ____	--	--
		--	--
	Total 222	2,763,937	2,240,402
	Subtotal	2,763,937	2,240,402
223	Less Current Maturities	362,160	289,957
	Total Loans – Pupil Transportation	2,401,777	1,950,445
	Total Long Term Debt	$ 2,401,777	$1,960,676

Schedule 9A

Western School District
SUMMARY OF LONG-TERM DEBT
For the Year Ended June 30, 2007

Description	Ref. #	Rate	Balance Beginning Of Year	Loans Obtained During Year	Principal Repayment For Year	Balance End of Year
A) School Construction			$ --	$ --	$ --	$ --
B) Equipment			--	--	--	--
C) Service Vehicle			22,510	--	12,278	10,232
D) Other – Office			--	--	--	--
E) Pupil Transportation			2,240,402	853,966	330,431	2,763,937
Total Loans			$ 2,262,912	$ 853,966	$ 342,709	$2,774,169

Schedule 9B

Western School District

DETAILS OF CURRENT MATURITIES

For the Year Ended June 30, 2007

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ --	$ --	$ --	$ --	$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	10,232	--	--	--	--
D) Other – Office	--	--	--	--	--
E) Pupil Transportation	362,160	361,121	361,121	361,122	334,965
Total	$ 372,392	$ 361,121	$ 361,121	$ 361,122	$ 334,965

Schedule 9C

56 010

Western School District
SCHEDULE OF INTEREST EXPENSE
For the Year Ended June 30, 2007

	Description	2007	2006
012	**Capital**		
	School Construction	$ --	$ --
	Equipment	--	--
	Service Vehicles	1,025	1,434
	Other – Office	2,993	31,800
	Total Capital	4,018	33,234
013	**Current** - Operating Loans	--	995
014	- Supplier Interest Charges	4,360	--
	Total Current	4,360	995
	Total Interest Expense	$ 8,378	$ 34,229

Western School District
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

1. **Cash**

			2007	2006
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on Hand	$ 634	$ 634
	112	Bank - Current	1,405,441	1,054,005
	113	- Savings	--	--
	115	- Non-Teachers; Payroll	--	--
	116	- Coupon (Debenture)	--	--
	117	- Other (Specify)	--	--
		Capital		
11	210	Cash on Hand and in Bank	--	--
	211	Cash on Hand	--	--
	212	Bank - Current	--	--
	213	- Savings	--	--
	214	- Other (Specify)	--	--
		Total Cash on Hand & in Bank	$ 1,406,075	$ 1,054,639

2. **Short Term Investments**

11	121	Term Deposits – Scholarships	$ 82,693	$ 84,830
	122	Term Deposits – Other	5,173	5,173
	123	Other (Specify)	--	--
		Capital		
11	221	Term Deposits	--	--
	222	Canada Savings Bonds	--	--
	223	Other (Specify)	--	--
		Total Short Term Investments	$ 87,866	$ 90,003

Western School District
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

3. Prepaid Expenses

			2007	2006
		Current		
11	141	Insurance	$ --	$ --
	142	Municipal Service Fees	--	--
	143	Work, Health Safety and Commissions	237,871	186,372
	144	Other (Specify) – Travel Advances	--	--
		Capital		
11	241	Other (Specify)	--	--
			$ 237,871	$ 186,372

WORKERS HEALTH SAFETY AND COMPENSATION COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2007

Grant Thornton

Auditors' report

Grant Thornton LLP
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To the Board of Directors of the

Workplace Health, Safety and Compensation

Commission of Newfoundland and Labrador

We have audited the statement of financial position of the **Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador** at December 31, 2007 and the statements of operations, changes in fund deficiency, comprehensive loss and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

March 20, 2008

Chartered Accountants

Audit • Tax • Advisory
Grant Thornton LLP A Canadian Member of Grant Thornton International Ltd

Statement of FINANCIAL POSITION
as at December 31

(dollars in thousands)	2007	2006
Assets		
Receivables (Note 3)	$ 10,631	$ 12,435
Investments (Note 4)	757,648	752,556
Capital assets (Note 6)	14,156	11,905
	$ 782,435	$ 776,896
Liabilities		
Bank overdraft	$ 579	$ 1,260
Bank indebtedness (Note 7)	4,935	4,947
Payables and accruals (Note 8)	17,666	17,526
Benefit liabilities (Note 9)	788,642	761,495
Total liabilities	811,822	785,228
Fund Deficiency	(29,387)	(8,332)
	$ 782,435	$ 776,896

Commitments (Note 20)

Contingencies (Note 21)

On behalf of the Commission

Ralph Tucker
Chairperson

Darren Roberts
Director

The accompanying notes are an integral part of the financial statements.

Statement of OPERATIONS
Years ended December 31

(dollars in thousands)	2007	2006
Revenue		
Assessments	$ 137,713	$ 124,763
Investment income (Note 4)	79,918	60,104
	217,631	184,867
Expenses		
Claims costs incurred (Note 9)		
Short-term disability	28,900	28,055
Long-term disability	61,210	58,286
Survivor benefits	5,234	7,327
Health care	38,087	38,625
Rehabilitation	1,326	1,330
Future administration costs	3,547	3,398
	138,304	137,021
Administration (Note 13)	23,828	22,356
Legislated obligations (Note 14)	6,145	6,347
Amortization	2,017	1,882
Other (Note 15)	686	633
	170,980	168,239
Surplus from operations	46,651	16,628
Actuarial adjustments (Note 9)	265	(8,771)
Surplus for the year	$ 46,916	$ 7,857

The accompanying notes are an integral part of the financial statements.

Statement of Changes in FUND DEFICIENCY
Years ended December 31

(dollars in thousands)	**2007**	2006
Accumulated operating deficit (Note 12)		
Balance, beginning of year	**$ (131,383)**	$ (139,240)
Operating surplus	**46,916**	7,857
	(84,467)	(131,383)
Accumulated other comprehensive income		
Balance, beginning of year	**122,138**	84,702
Other comprehensive (loss) income	**(67,947)**	37,436
	54,191	122,138
Reserves		
Occupational Health and Safety Research	**889**	913
Fund deficiency end of year	**$ (29,387)**	$ (8,332)

The accompanying notes are an integral part of the financial statements.

Statement of COMPREHENSIVE (LOSS) INCOME
Years ended December 31

(dollars in thousands)	**2007**	2006
Surplus for the year	**$ 46,916**	$ 7,857
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale investments	**(21,596)**	57,481
Realized gains on available-for-sale investments included in surplus from operations	**(48,147)**	(21,841)
Amortization of reversal of investment gains	**1,796**	1,796
Net change in other comprehensive (loss) income for the year	**(67,947)**	37,436
Comprehensive (loss) income	**$ (21,031)**	$ 45,293

The accompanying notes are an integral part of the financial statements.

Statement of CASH FLOWS
Years ended December 31

(dollars in thousands)	**2007**	2006
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 139,517**	$ 125,977
Investment income	**15,769**	13,036
	155,286	139,013
Cash paid to:		
Claimants or third parties on their behalf	**(110,892)**	(113,482)
Suppliers and employees, for administrative and other goods and services	**(30,522)**	(22,483)
Third party, from reserve fund	**(24)**	-
	(141,438)	(135,965)
Net cash provided from operating activities	**13,848**	3,048
Cash flow from financing activities		
Change in proceeds from short-term borrowings	**(16)**	4,938
Net cash change from financing activities	**(16)**	4,938
Cash flow from investing activities		
Purchase of investments	**(8,884)**	(14,818)
Purchase of capital assets	**(4,267)**	(3,547)
Net cash used for investing activities	**(13,151)**	(18,365)
Net increase (decrease) in cash and cash equivalents	**681**	(10,379)
Cash and cash equivalents		
Beginning of year	**(1,260)**	9,119
End of year	**$ (579)**	$ (1,260)

The accompanying notes are an integral part of the financial statements.

Notes to FINANCIAL STATEMENTS
Years ended December 31, 2007 and 2006

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act)*, as amended. The Commission is responsible for, in accordance with the provisions of the *Act*, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents which include cash, bank overdrafts and short-term investments in money market instruments and which will be liquidated in the near term are recorded at fair value.

Significant accounting policies (cont'd)

(b) *Assessments revenue*

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) *Assessments receivable*

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

(d) *Investments*

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies settlement date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

(e) *Capital assets*

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

(f) *Benefit liabilities*

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims. No provision has been made for future claims

2. Significant accounting policies (cont'd)

related to latent occupational disease, because they cannot be reasonably estimated.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(g) Reserves

In accordance with Section 20.5 (1) of *the Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. *The Act* permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of *the Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;
- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

(h) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

Significant accounting policies (cont'd)

The Commission believes that the amount provided for benefit liabilities as at December 31, 2007, is adequate, recognizing that actuarial assumptions as disclosed in Note 10 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(i) Financial instruments

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Payables and accrued liabilities	Other liabilities	Amortized cost

Investments include derivatives, which are financial contracts whose price is dependent on the price of one or more underlying securities. The notional principal amounts, upon which payments are based, are not recognized in these financial statements.

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

(j) Post-employment benefits and annual leave

Costs for employee future benefits related to severance pay and annual leave are accrued over the periods in which the employees render services in return for these benefits.

(k) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants (CICA) issued section 1506 of the CICA Handbook, *Accounting Changes*, which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007, and are applicable for the Commission's year ended December 31, 2007.

(l) New accounting standards

In December 2006, the Canadian Accounting Standards Board (AcSB) issued new accounting standards Section 1535 *Capital Disclosures*, Section 3862 *Financial Instruments – Disclosure* and Section 3863 *Financial Instruments – Presentation*. The new standards are effective for fiscal periods beginning on or after October 1, 2007. The Commission will be reviewing the standards to determine what impact, if any, they will have on future reporting periods.

3. Receivables

(dollars in thousands)	**2007**	2006
Assessments	**$ 4,743**	$ 5,623
Accrued assessments	**3,900**	5,000
Other	**1,988**	1,812
	$ 10,631	$ 12,435

4. Investments

(dollars in thousands)	2007		2006	
	Fair Value	**Cost**	Fair Value	Cost
Fixed term	**$ 277,008**	**$ 285,247**	$ 232,350	$ 235,733
Equities	**479,667**	**417,682**	519,216	391,899
Accrued interest	**973**	**973**	990	990
	$ 757,648	**$ 703,902**	$ 752,556	$ 628,622

On December 31, 2007 the Commission held an investment in third party sponsored Asset Backed Commercial Paper (ABCP), Rocket Trust, Series A, with an original cost of $2,966,850. The investment was purchased in June 2007 and did not mature as scheduled in September 2007.

The Canadian market for third party sponsored ABCP experienced a credit and liquidity crisis in mid-August 2007. Pursuant to the Montréal Accord (the "Accord"), a group of financial institutions and other parties agreed to a standstill period in respect of ABCP sold by 23 conduit issuers. On September 6, 2007, a Pan Canadian Committee (the "Committee") was formed to oversee the proposed restructuring process of the ABCP. On December 23, 2007, the Committee approved an agreement in principle to restructure the ABCP issued by 20 trusts covered by the Accord, which includes the investments held by the Commission. Participants to the Accord also agreed in principle to the conversion of the ABCP investments into longer-term floating rate notes maturing no earlier than the scheduled termination dates of the underlying assets. The signatories to the Accord recently agreed to extend the standstill period to March 14, 2008. The Commission is not a signatory to the Accord. On March 17, 2008 the Ontario Court of Justice approved the Committee's application under the *Companies' Creditors Arrangement Act* for bankruptcy protection, thereby extending court protection to April 16, 2008.

With the continuing uncertainty in the ABCP market the Commission has recorded a provisional reduction in the value of the investment by 15% ($445,000) to $2,521,850. A portion of the write-down, $196,000, is an estimate of permanent impairment and is reflected directly in investment income. The permanent impairment applies to that portion of the Rocket Trust, Series A underlying assets (13.2%) not expected to be covered by an agreement to restructure the market. The Commission is estimating a 50% recovery of the ineligible assets of $392,000. The remaining write-down, $249,000 is considered an unrealized loss and is reflected in other comprehensive income. This amount reflects discounting of the investment given the longer term to maturity. In addition to a reduction in value, the investment has also been reclassified from a

4. Investments (cont'd)

current asset to a long term investment included in the above table as fixed term investments.

The disruption in the ABCP market resulted in a suspension in the active market. In the absence of a quoted market price, management has estimated the fair value using alternative valuation techniques based on assumptions that it considers appropriate, given information that is currently available. The resolution of these uncertainties could result in the ultimate fair value of these investments varying significantly from management's current best estimates.

The liquidity disruption in the ABCP market is not expected to have any significant impact on the Commission's operation or financial position. The revised fair value of the ABCP represents less than 1% of the fair market value of investments at December 31, 2007.

Investment income is comprised of the following:

(dollars in thousands)	**2007**	2006
Interest and dividends	**$ 19,918**	$ 17,152
Realized investment gains	**64,345**	47,110
Reversal of recognized unrealized investment gains	**(1,796)**	(1,796)
	82,467	62,466
Less: Portfolio management expenses	**(2,549)**	(2,362)
Total investment income	**$ 79,918**	$ 60,104

The Commission's asset mix policy for 2007 and 2006 is presented below:

	Asset Mix	**Tolerance Range**
Bonds, Canadian	35%	±5%
Equities, Canadian	35%	±5%
Equities, United States	15%	±3%
Equities, Europe, Asia and Far East (EAFE)	15%	±3%

5. Financial instruments

(a) *Market risk management*

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission uses derivative financial instruments for trading purposes. Changes in the fair value of derivatives are recognized in income in the period in which they arise. At December 31, 2007 the fair value of the Commission's derivative portfolio was $358,000 (notional value of $23,451,000). Derivative instruments held at December 31, 2006 had a fair value of $34,000 (notional value of $10,157,000).

(b) Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 90.6% (2006; 94.1%) have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations, except as outlined in Note 4.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

(c) Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments. These currency fluctuations are not expected to affect the long-term position of the investment portfolio. Forward foreign exchange and futures contracts are used to hedge the currency risk of certain foreign currency denominated fixed term investments. Hedge accounting has not been applied to these hedging arrangements. As at December 31, 2007, the Commission's holdings in foreign equities and pooled equity funds had a market value of $213.1 million (2006; $233.9 million) representing 28.1% (2006; 31.1%) of the market value of the total investment portfolio.

(d) Interest rate risk management

Fluctuations in interest rates are managed through interest rate swaps and by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

5. Financial instruments (cont'd)

Remaining Term to Maturity

Fair Value (dollars in thousands)	Within 1 Year	1 Year to 5 Years	Over 5 Years	**Total 2007**	Total 2006
Fixed term investments	$39,128	$101,042	$136,838	**$277,008**	$ 232,350

6. Capital assets

(dollars in thousands)		2007		2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 11	$ -	$ 11	$ 11
Building	7,749	5,012	2,737	2,941
Furniture and equipment	2,694	2,284	410	441
Computer equipment	7,054	5,729	1,325	1,185
Systems development	20,677	11,004	9,673	7,327
Equipment under capital lease	218	218	-	-
	$ 38,403	$ 24,247	$ 14,156	$ 11,905

Included in systems development costs for 2007 is $3,322,000 (2006; $3,063,000) related to business improvement projects.

7. Bank indebtedness

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.6%. The credit facility is unsecured and was utilized during 2007 to the amount of $15,000,000; of which $4,935,000 was outstanding at December 31, 2007 (2006; $4,947,000).

8. Payables and accruals

(dollars in thousands)	2007	2006
Accounts payable	$ 11,392	$ 11,260
Annual leave and post-employment benefits, due to employees	3,757	3,596
Credit balances due to employers	2,517	2,670
	$ 17,666	$ 17,526

In 2007, accounts payable includes a provision of $3,800,000 (2006; $4,650,000) for amounts owing to employers under the Commission's practice incentive and experience refund programs.

9. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on an annual basis. Such a valuation was performed as at December 31, 2007.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	**2007**							2006
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Future Admin. Cost	**Total**	Total
Balance, Beginning of year	$ 45,823	$ 443,640	$ 55,558	$ 163,395	$ 3,262	$49,817	**$ 761,495**	$ 729,185
Add:								
Claims costs incurred:								
Current year injuries	25,769	27,755	1,033	25,448	1,104	-	**81,109**	81,692
Prior years' injuries	3,131	33,455	4,201	12,639	222	3,547	**57,195**	55,329
	28,900	61,210	5,234	38,087	1,326	3,547	**138,304**	137,021
Deduct:								
Claims payments:								
Current year injuries	8,680	420	5	6,629	2	-	**15,736**	16,273
Prior years' injuries	18,204	45,124	6,570	24,367	891	-	**95,156**	97,209
	26,884	45,544	6,575	30,996	893	-	**110,892**	113,482
Balance before actuarial adjustments	47,839	459,306	54,217	170,486	3,695	53,364	**788,907**	752,724
Actuarial adjustments	(1,338)	3,239	250	(61)	(584)	(1,771)	**(265)**	8,771
Balance, end of year	$ 46,501	$ 462,545	$ 54,467	$ 170,425	$ 3,111	$ 51,593	**$ 788,642**	$ 761,495

10. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

10. Actuarial assumptions (cont'd)

The table below lists the principal economic assumptions used.

	2007		2006	
	CPI-Indexed Awards	**Other Payments**	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	1.80%	3.50%	2.50%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	5.23%	3.50%	4.51%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

11. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2007, $24,000 was charged to the reserve (2006; Nil).

12. Change in accumulated operating deficit

(dollars in thousands)	**2007**	**2006**
Accumulated operating deficit, beginning of year	$ (131,383)	$ (139,240)
Favourable revenue variance	17,800	5,300
Interest on accumulated operating deficit	(9,400)	(9,900)
Investment income variance	38,200	21,200
Liability adjustments for prior years' claims	265	(8,771)
Other	51	28
Accumulated operating deficit, end of year	$ (84,467)	$ (131,383)

13. Administration expenses

(dollars in thousands)	2007	2006
Salaries and employee benefits	**$ 19,590**	$ 18,106
Office and communications	**2,372**	2,202
Building operations	**662**	553
Travel and vehicle operating	**618**	560
Professional fees	**586**	935
	$ 23,828	$ 22,356

14. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Government Services, the Department of Human Resources, Labour and Employment and the Labour Relations Agency in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is required to fund the operating costs of the employer and worker advisor positions and the Statutory Review. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2007	2006
Government Departments and Labour Relations Agency	**$ 4,540**	$ 4,653
Workplace Health, Safety and Compensation Review Division	**1,054**	924
Employer and Worker Advisors	**551**	400
Statutory Review on Workers' Compensation	**-**	370
	$ 6,145	$ 6,347

15. Other expenses

(dollars in thousands)	2007	2006
External training initiatives	**$ 83**	$ 269
Business improvement projects	**603**	364
	$ 686	$ 633

15. Other expenses (cont'd)

External training represents funding provided to the Newfoundland and Labrador Federation of Labour for return-to-work training programs. An agreement with the Newfoundland and Labrador Federation of Labour expired March 31, 2007.

16. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

17. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totalled $400,800 in 2007 (2006; $385,000) and are not included in the Statement of Operations.

18. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	2007	2006
Assessments revenue	**$ 8,171**	$ 8,717
Claims costs incurred:		
Short-term disability	**632**	679
Long-term disability	**3,328**	3,386
Survivor benefits	**459**	722
Health care	**2,209**	2,455
Administration charges	**1,543**	1,475
	$ 8,171	$ 8,717

19. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan, administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $1,254,000 (2006; $1,118,000) for pensions are recognized in the accounts on a current basis.

20. Commitments

The Commission has committed to operating lease payments for office premises and equipment for the years 2008 to 2012 in the amount of $230,000 annually.

21. Contingencies

The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

22. Statutory Review

The *Act* requires that at least once in every five years the Government of the Province of Newfoundland and Labrador appoint a Statutory Review Committee (the "Committee") to review matters respecting the *Act* and regulations and their administration. On May 31, 2006 the Committee submitted its report to Government containing forty-four recommendations in the areas of accountability and responsibility, client service, occupational health and safety, benefits and review processes. As of the date of these financial statements Government is continuing its review of the Committee's recommendations. This review may result in proposed legislative changes that could have a material impact on the calculation of benefit liabilities. However, as the outcome of Government's review is unknown the Commission is unable to estimate the impact, if any, on its benefit liabilities.